DOCUMENT RESUME

ED 210 217 SO 013 713

AUTHOR	Watters, Pat, Ed.
TITLE	1980 Commission on the Future of the South: Final Report.
INSTITUTION	Southern Growth Policies Board, Research Triangle Park, N.C.
PUB DATE	81
NOTE	69p.: Photographs and some pages may not reproduce clearly from EDRS in microfiche due to colored print on a dark background throughout original document.
AVAILABLE FROM	Southern Growth Policies Board, PO Box 12293, Research Triangle Park NC 27709 ($4.50, 20-49 copies 10% discount, 50-99 copies 15% discount).
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Children; Economic Opportunities; Economics; Elementary Secondary Education; Energy; Energy Conservation; *Futures (of Society); *Opportunities; *Population Growth; Urban Planning; Urban Problems
IDENTIFIERS	*United States (South)

ABSTRACT

This report contains a statement of regional objectives with respect to growth problems and opportunities in the South. The report was prepared by the 1980 Commission on the Future of the South which was appointed by the Southern Growth Policies Board, a public, interstate agency governed and supported by the state and local governments of the Southern United States and Puerto Rico. For each topic discussed there is a background paper followed by a listing of recommendations. Topics focus on the children, cities, and energy of the South. Recommendations include the following. Public and private investments which develop jobs in high poverty areas and target minority groups, single parents, and other chronically under employed groups should be supported as a first order priority rather than depending solely on trickle down economic policies. To assist the Southern region in attracting and retaining financial capital, state banking laws should be amended to permit, under adequate supervision, state wide branching of all financial institutions. City officials need to develop closer working relationships with state officials, especially the Governor, in order to improve their ability to provide urban services and to acquire the tools needed for this task from their state legislatures. The constraints on the use of natural gas should be removed. The non-excessive number of regulatory constraints on the mining and burning of coal should be decreased. (Author/RM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

FINAL REPORT

1980 COMMISSION ON THE FUTURE OF THE SOUTH

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☒ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

Janet Papke

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

TABLE OF CONTENTS

Foreword
Acknowledgements
Message from the Chairman
Members, 1980 Commission on the Future of the South
Introduction
The Task Force on Children in the South
The Future of Southern Children
The Task Force on the Southern Economy
The Future of the Southern Economy
The Task Force on Southern Cities
The Future of Southern Cities
The Task Force on Energy in the South
The Future of Energy in the South
Major Recommendations
A Note to Future Commissioners
Publications; Task Force Advisors

Copyright 1981 by
The Southern Growth Policies Board
Manufactured in the United States of America
Library of Congress Catalog Card Number
81-51487

SO 013 713

EDITOR: Pat Watters

GRAPHIC DESIGN,
EDITORIAL ASSISTANCE: Jane Savage

The Southern Growth Policies Board is a public, interstate agency governed and supported by the state and local governments of the Southern United States and Puerto Rico.* The Board assembles objective information and makes recommendations with respect to growth problems and opportunities in the South. The Southern Growth Policies Board is a commitment to excellence: a regional effort to develop, conserve and put to best use the South's natural and human resources. It is dedicated to the idea that through cooperation, the Southern states can accomplish together what they cannot accomplish individually.

An important mandate given to the Board at its inception in 1971 was that it prepare, at six-year intervals, a "statement of regional objectives." To carry that out, the first Commission on the Future of the South was convened in 1974; the second Commission was convened in 1980. It is the work of this latter Commission that is the subject of this report.

The members of the 1980 Commission were appointed by the Chairman of the Southern Growth Policies Board and the governors of the fourteen Southern states and Puerto Rico. Commissioners were chosen in recognition of their exemplary contributions to the quality of life not only in their home states, but to the South and the nation as well.

The executive committee of the Southern Growth Policies Board asked the Commission members to examine, in particular, four areas deemed to be of utmost concern to Southerners in the 1980's: the children, the economy, the cities, and energy. To assist Commission deliberations and to provide a broad base of expert testimony in each of those four areas, a task force for each area was established. Again, task force members were chosen by either the Chairman or the governors of their respective states and Puerto Rico. These task forces, with the aid and support of SGPB staff members and with contributions from experts in relevant academic disciplines, spent many hours examining documents, research reports, and statistics. They spent many more hours debating the myriad of issues and problems. Objectivity and consensus were often elusive. Nevertheless, each task force presented to the Commission a comprehensive report, complete with findings and substantive recommendations. The Commissioners, in turn, worked to assimilate, synthesize, and prioritize the information.

This document is not the only communication originating from the Commission's work — only the last in a series. Since August, 1980, the Commissioners have issued a series of preliminary reports which have been discussed, evaluated, and critically reviewed by a wide audience. Commission newsletters have been mailed periodically to more than 900 individuals, corporations, and organizations to keep them informed of Commission activities. Highlights of the Commission and task force work have been published in SGPB's regular newsletter, *Southern Growth: Problems and Promise,* which reaches 5,000 readers.

---

* Current members include: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia and the Commonwealth of Puerto Rico. Other states eligible to join are Delaware, Maryland, Missouri, Texas and West Virginia. The Territory of the Virgin Islands is also eligible.

ACKNOWLEDGEMENTS

The 1980 Commission on the Future of the South is very much indebted to the many individuals and organizations who provided an endless supply of support, cooperation, and — in many instances — inspiration, to our deliberations.

A special debt of gratitude is in order to two Southern governors: Governors Richard W. Riley of South Carolina and James B. Hunt, Jr. of North Carolina. They did much to imbue Commissioners, task forces and SGPB staff members alike with a sense of purpose and dedication. They provided encouragement, advice and counsel — as well as gracious Southern hospitality upon several occasions. Governor Hunt, in particular, provided a special thrust to our agenda by focusing a major segment of our deliberations on that most important group of Southerners, our children.

We would also like to thank the staff of the Southern Growth Policies Board who devoted much of their efforts during the past twelve months to the Commission and its work agenda: Blaine Liner, Executive Director, for his leadership and counsel during our deliberations; Paula Breen, Evan Brunson, Patricia Dusenbury, Sandra Kramer, Jane Savage and Alton Skinner for their research, writing and editorial contributions; Sandra Copeland, Janet Papke and Lydia Riley for administrative services and meeting logistics; Lois Bell and Alice Brunson for their patience and perseverance in providing secretarial assistance.

While space limitations prevent us from adequately crediting everyone who contributed to the Commission's effort, we would be remiss if special recognition were not given to several individuals. In particular, Dr. John Hope Franklin, National Humanities Center; Dr. Jerome Hanus, American University; Mr. Hubert Hinote, Tennessee Valley Authority; Dr. Larry McGehee, University of Tennessee; Dr. Mary Jo Schneider, University of Arkansas; and Dr. George Tindall, University of North Carolina at Chapel Hill.

In addition, we are grateful to the regional and federal organizations that contributed both professional and financial support to the Commission and the four task forces: the National Endowment for the Humanities; National Science Foundation; Southern States Energy Board; and the U.S. Departments of Commerce, Health and Human Services, and Housing and Urban Development.

It is at this point, also, that the caliber of the contributions of the Commissioner from Puerto Rico, Dr. Miguel Rivera-Rios, must be noted, for his was often an arduous and unrewarding duty. Much of the data presented to the Commission did not include statistics from Puerto Rico. When data was available, Puerto Rico was often found to be the exception to the rule. Since constraints of time and space do not allow us to note each instance where Puerto Rico does not fit the generalizations made, we refer you to the specific reports of the task forces, which generally note these exceptions.

MESSAGE FROM THE CHAIRMAN

David F. Mathews

**Chairman,
1980 Commission on the Future of the South**

**President
The Charles F. Kettering Foundation
Washington, D.C.**

Chairing a commission carries a special prerogative—the opportunity to write a personal letter of transmittal.

This is my own perspective on the Report of the Commission on the Future of the South in the Eighties. I do not implicate my fellow commissioners or the staff of the Southern Growth Policies Board. I do thank them all, however, for all that I learned.

There is a huge presumption on representing yourself to be **The** Commission on the Future of the South. More properly, this commission and others like it are merely instruments for those who are the true determiners of the South's future. The real trustees of the future are elected officials at the state and local level, leaders of the business, education and civic forces, and, most important, legions of Southern citizens. Commission reports, then, are not tablets from Mt. Sinai. They are only tools: not detectors for finding the future, but tools for making it.

What this Report offers is some carefully developed data and analysis by a superb Southern Growth Policies Board staff which also served the Commission. There are in-depth recommendations from the task forces working on the four assigned topics. From the Commission itself there is a synthesis of the task forces' work and recommendations on priorities.

In a time when we seem to find what separates us easier than what binds us together because we are such a diverse region, the Commission worked to diligently identify the strong common interests of the South. While there was no effort to recreate a "solid South," the Commission was grounded in the conviction that the future would be better if we joined forces in deciding where we should be going.

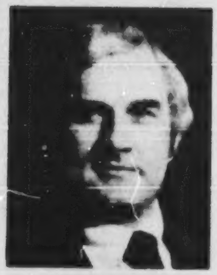
This Commission and its immediate predecessor are not the first Southerners to try to shape the future of the region. The scholars in the Commission were asked to bring their critical understanding of those past New Souths to this work. Those who have sought the South's future have shared a common ambition to shape seemingly inexorable trends to human values and objectives. They have shared a common penchant to lead, not react. And they have believed in reason and rationality. They have agreed upon little else. There are old tensions, such as the ones between growth and the quality of life, between the Grady's and their Agrarian critics. This Commission did not resolve any of those issues but it did try to be sensitive to Southern misadventures. In particular, we were mindful that the South's self-proclaimed victories over its Reconstruction hardships were short-lived and shortsighted. While there is much that we note with pride in this Report, the Commission has tried to be faithful to its charge to report what we have *not* overcome.

The work on the Future of the South for the Eighties (and beyond) begins, not ends, with the issuing of this Report. States and local communities have to find their own futures. As a tool, this Report may help with data they can use and a frame of reference to react to. It is hoped that this process has already begun. The Commission reached out to the public as it began its deliberations in order to facilitate that response. It solicited the advice of a thousand Southern leaders, including members of the first Commission; it used periodic status reports and asked for comments; it stimulated the organizing of state conferences and other forums to get reactions.

The Commission is deeply indebted to those who came forward with suggestions and criticisms. These comments were carefully considered and often used. In all cases, they improved the final report.

The massing of data, the chartering of a commission, and the issuing of a report are the steps in policymaking in the present state of the art. The 1980 Commission sought to expand that process by giving attention to those involved in developing the report and those to be involved in receiving and implementing the findings. We did that far less than perfectly, but it is my personal recommendation that the plans for the next commission give even more emphasis to the development and implementation steps. Those steps are essential because for there to be sound regional policy, there has to be an informed regional citizenry to provide the consensus and broad coalitions that are necessary to make policies and laws effective.

A final word on the national context in which this Report was done. We did not work in the atmosphere of an emerging New South, as we did in 1974. We worked in the competitiveness of Frostbelt-Sunbelt politics. If the South now presumes a place in national leadership (and it should), that leadership should be directed to joining with others to prevent a healthy regional assertiveness from becoming a destructive sectionalism. No regional interest can divorce itself from the national interest. The next task may be to create national commissions or regional summit meetings or other opportunities through which we can seek out a good future for all of us.



MR. W. F. WARREN
President
Birmingham Trust National Bank
Birmingham, Alabama

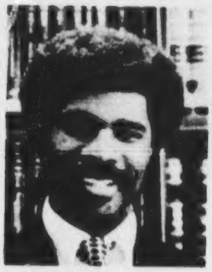
MR. STEPHEN A. SMITH
President
Bank of Kingston
Kingston, Arkansas

THE HONORABLE LEROY COLLINS OF COUNSEL
Ervin, Varn, Jacobs, Odom & Kitchen
Attorneys at Law
Tallahassee, Florida

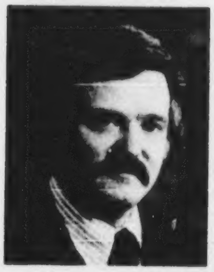
THE HONORABLE ROY E. BARNES
Georgia State Senator
Mableton, Georgia

MS. SARA V. CRAIG
Southeastern Federal Regional Council
Atlanta, Georiga

THE HONORABLE GRACE T. HAMILTON
Georgia State Representative
Atlanta, Georgia



MR. RICHARD H. SINKFIELD
Rogers & Harden
Attorneys at Law
Atlanta, Georgia



MR. J. BRUCE MILLER
Jefferson County Attorney
Louisville, Kentucky

DR. SAMUEL DUBOIS COOK
President
Dillard University
New Orleans, Louisiana

THE HONORABLE REUBEN V. ANDERSON
Hinds County Judge
Jackson, Mississippi

DR. WILLIAM BENNETT
Director
National Humanities Center
Research Triangle Park, North Carolina

DR. JOAB M. LESESNE
President
Wofford College
Spartanburg, South Carolina

MR. THOMAS I. STORRS
Chairman of the Board and
Chief Executive Officer
North Carolina National Bank and
NCNB Corporation
Charlotte, North Carolina

THE HONORABLE ALBERT GORE, JR.
U.S. Representative, Tennessee
Washington, D.C.

THE HONORABLE DAVID L. BOREN
U.S. Senator, Oklahoma
Washington, D.C.

MR. IRBY C. SIMPKINS
President
The Nashville Banner
Nashville, Tennessee

MR. RICHARD H. HUGHES
President
Equidine Industries, Inc.
Tulsa, Oklahoma

MR. JACK O'CALLAGHAN
President
Jack O'Callaghan, Inc.
Dallas, Texas

DR. MIGUEL A. RIVERA-RIOS
Chairman
Planning Board of Puerto Rico
Santurce, Puerto Rico

MR. FRANK E. FORCE
City Manager
Williamsburg, Virginia

PROFESSOR MARGUERITE R. HOWIE
South Carolina State College
Orangeburg, South Carolina

MR. WILLIS O. SHAY
Managing Partner
Steptoe & Johnson
Clarksburg, West Virginia

INTRODUCTION

As the South enters the 1980's, it is a region different in many ways from even the recent past. During the 1960's and 1970's, the South experienced the greatest growth in its history. In population, in employment, and in wages earned, the growth completed the transition from a sleepy and sluggish regional economy to one that is energetic and dynamic. Southern cities were in the vanguard of that growth as urbanization increased dramatically.

It was as if Henry W. Grady's dreamed-of but never-realized "New South" of manufacturing strength and general prosperity had at last come, or Huey P. Long's "Every Man a King." To others, it seemed as if Dr. Martin Luther King, Jr.'s dream of "liberty and justice for all" had come to pass. But not yet.

There was a promising beginning of growth in the 1960's and then a mighty surge in the 1970's. But the heritage of the South's impoverished past lingers. Despite income increases greater than the national average, poverty remains; and most of the Southern states lag behind the national average for per capita income.

There is need for more growth in the 1980's. Continuing growth is needed to provide more and better jobs for Southerners so that the region's legacy of poverty finally can be overcome. But the growth needs to be orderly and without harm to the South's environment. The guiding principle remains the one set forth by former Governor Terry Sanford of North Carolina at the organization of the Southern Growth Policies Board — to "avoid Northern mistakes in a Southern setting." We might also include here the admonition of Dr. Lewis P. Jones that we "avoid *Southern* mistakes in a Southern setting." Almost every new development, whether it be factory or forestry project, strip mine or stream diversion, imposes some external costs. In most instances, the economic and social benefits outweigh these costs. When they don't, the South must stand ready to reject development which has costs, in terms of human and natural resources, that cannot be justified.

The growth that took place in the sixties and seventies brought changes that affect the outlook for future growth. A striking thing has happened to the Southern economy: it has become more like that of the rest of the nation. Up until World War II, it was predominantly agricultural. Industrialization speeded up in the post-war period, and today the South has essentially the same employment patterns as the rest of the country, with the tertiary sector — trade, government and services — the largest employer of people.

One effect of this economic transformation has been to make the region more susceptible to swings in the national economy. Southerners share in national problems as well as prosperity. A recession affects the regional unemployment rate as severely as elsewhere. Only the rate of industrial growth makes recovery come more rapidly in the South.

What is the future of Southern economic growth? By becoming more like the nation, the South inevitably is losing some of the advantages it has had over other parts of the country in attracting population, business and industry.

In the past, a Southern location has been able to offer prospective employers lower wage rates, partially offset for the employees by a lower cost of living. By the end of the 1970's, however, wage rates were increasing; and hourly earnings in manufacturing exceeded the national average in several major industries. Between 1972 and 1978, the cost-of-living in Southern cities rose 66 percent — more than in any other region. Rising incomes and the higher cost-of-living signal the economic emergence of the South, but they also diminish a long-standing inducement for migration to the South.

In the past, the South offered cheap and abundant supplies of energy. This, in times of critical energy shortages, is obviously no longer the case. Indeed the South, with its dependence on trucks and automobiles for moving goods and people, is at a disadvantage in comparison to the Northern industrial states with their highly-developed rail and rapid transit systems. Likewise, the South's energy-intensive industries, built during the halcyon days of low energy costs, suffer in comparison with more energy-efficient ones in other regions.

In the past, the South was able to offer lower taxes as an inducement to business. Distressed cities in the Northeastern and Midwestern states, having become more aggressive in seeking industry and enjoying advantages in federal funding formulas, are now cutting business and personal taxes. This comes at a time when the sheer growth in the South calls for higher public spending, and when sophisticated migrants to the region are joining native Southerners in demanding better public services, especially schooling.

One major advantage for attracting industry that the South has *not* lost is the quality of its work force. The work ethic is strong in the region; there is pride in achievement, a willingness to work hard. The working people in the South are a major resource, a resource not to be exploited or displaced, but to be respected and appropriately rewarded.

Other advantages remain — of climate, of an easy-going way of life, of friendly, outgoing people. Southerners have not let what success the region has enjoyed go to their heads. Indeed, success has seen a flourishing of their better qualities — manners, love of place, closeness to nature, sense of God, sense of history, humor, unpretentiousness. Such intangibles are part of a heritage to be cherished and held to, come what may in the next decade.

The economic growth brought changes to other areas of Southern life. As the economy shifted its base from agriculture to manufacturing and services, many people moved from the countryside to the city. Southern metropolitan areas have burgeoned, leading the region's growth. They have enjoyed greater prosperity and financial strength than cities in slow-growing regions. But sometime during the seventies, the tendency for people and jobs to suburbanize became dominant, and Southern cities lost their front-running position in the region.

Few of the larger cities are growing now except by annexation, and a few are showing signs of decline much like older cities in the North and Midwest. Small cities and rural areas that are attracting large numbers of new residents may have trouble accommodating them and providing services. An important part of the South's future will depend upon how our cities and states deal with the new direction of Southern growth.

Growth in jobs and incomes has brought an impressive reduction in Southern poverty. During the seventies, job opportunities in the growing Southern economy accounted for all of the national decrease in the number of poor people. But there is still more poverty in the South than in the rest of the country.

The burden of poverty falls heaviest on black Southerners, those huddled in cities in danger of becoming a permanent underclass, those left behind in the countryside by farm mechanization. Black poverty in the South significantly influences the statistics that permeate this report. Progress in race relations in the region has been made, but until economic progress is shared by all Southerners, regardless of race, the South will still be faced with a race problem.

Nowhere is the plight of the Southern poor more poignantly on display, and the problems that the South will face in the future more clearly shown, than in the situation of Southern children. More of the children in the South are growing up as part of a poor family than children in other regions of the country; their health is poorer; and they have less chance of graduating from high school.

All available measures indicate that the needs of children in the South are more acute than in other regions. Yet Southern children receive smaller public allocations than children in other states.

Despite the mixed signs, the mood of the South is quietly optimistic at the outset of the 1980's. Awareness of the need for further growth is widespread, along with a determination to help it continue. There is also awareness, though, that it will not be the rapid, pell-mell growth of the past decade.

Rather, the time seems to have come for consolidation of growth and for looking inward —

- for ways to improve existing business for further productivity . . .
- for ways to make the public sector more supportive of sound and orderly growth . . .
- for ways to bring the skills of the private sector to bear on public problems . . .
- for ways to bring the resources of colleges and universities to bear on public problems . . .
- for ways to encourage the flow of capital needed to support growth . . .
- for ways to cut the fat out of business and political performance . . .
- for ways to improve transportation of goods out of the South . . .
- for ways to curtail unnecessary growth of government . . .
- for ways to encourage the flourishing of the arts in the region . . .

- for ways to utilize the skills and knowledge of retired people in confronting public problems.

At this time of looking inward, the need to improve the quality of education is recognized as being a requisite for attracting industry whose management and employees demand good schooling for their children. It is also necessary for training work forces for the increasingly sophisticated level of jobs that are opening up in services and manufacturing. And it is the only hope for the large adult population in the South, much of it in rural areas, which has not the skills to earn a good living. Most importantly, it is the gift of the future for Southern children.

Catching up to national norms on spending for education remains a goal for the 1980's. But simply spending more money is not a solution. Public money must be well spent, spent for innovative efforts that give education a value for the large numbers of children and their parents who now see much of it as pointless, and spent in support of efforts to improve the quality of teaching.

Particularly there is need to strengthen elementary education. Failure in the first few grades to learn to read and write is widespread, contributing to the South's abnormally high dropout rate, dooming too many of the South's children to a lifetime of poverty.

A growing problem involving large numbers of Southern young people is the increased availability and use of drugs and other harmful and addictive substances. The Commission recognizes that there are several dimensions to the problem. First, the importation of many of these substances is essentially a *national* problem. As such, the Commission recommends that the governors and the leadership of all states, in concert, should prevail upon the federal government to pursue every reasonable means to halt the distribution and trafficking of such substances. Second, the leadership within each state, community, and school system must also endeavor to meet the full measure of their responsibility in this matter by providing stronger advocacy for drug treatment centers and for education efforts aimed at stemming the usage of these substances.

A part of Southern confidence at the outset of the 1980's is an awareness that the rapid growth of the past decade has been accomplished without undue damage to the South's cherished environment. This was due in part to strong federal and state regulations, in part to strong citizens' organizations. There is a determination that future growth be even more conservative toward the nature of the urban and rural landscape of the South. Of particular concern should be the South's water — whether or not supply is adequate, whether or not coastal areas are protected against erosion and pollution, whether or not swamps and marshes are preserved. At the same time, there is a will to rid environmental regulations of unnecessary, illogical and counterproductive requirements, particularly in respect to energy production and distribution.

There is an awareness in the region that the South's attempt to catch up with the rest of the country has brought far more dependency on the national economy than ever before. There will be, consequently, more concern with national policy among the region's business and political leaders during this decade than even the last.

At the same time, politics are expected to become increasingly "regionalized" during the 1980's. A single state simply no longer exerts sufficient influence or power in Washington. The Northeast and Midwest have been successful in their ability to apply regional political pressure on the federal government, and they are well organized in Congress. The South has begun to move in this direction, and continued development of effective regional coalitions among her states would seem to be one of the most crucial political needs of the 1980's.

While Southern states want their fair share of federal grants for betterment of cities, construction projects and the like, they should be prudent and discriminating in seeking it. The indications of a general paring down of federal spending are not as frightful a prospect to the South as to other parts of the country, for part of the mood of looking inward is an impulse for self-sufficiency, a drive to solve problems at home.

At the same time, the South will continue to reach outward to the rest of the world. The extensive attraction of world markets and of foreign industry begun in the 1970's seems likely to continue even more vigorously in the 1980's as an avenue of continued growth. The South will be looking increasingly to world capitals for trade partners, for mutual economic gain.

The influx of industry and of people from the rest of the country, and now from the rest of the world, inevitably have their effect on the social and cultural systems of the South. As we become closer and closer locked into the national economy, we hear it said that we are losing regional flavor, regional distinctiveness. The McDonald's arch on the edge of the Southern city becomes a symbol of sameness the nation over.

But anyone who goes among the people of that city, even among ones who have come there from afar, will find distinctiveness still intact. The lists of Southern idiosyncrasies are endless, the sum of them impossible to describe. But distinctiveness endures.

Race relations in the South have improved immeasurably in the past 20 years. But no Southerners, white or black, believe they have reached a state of perfection. Southerners are unimpressed by the cries of poverty from Northern cities, knowing that the average Northerner is still better off financially than his or her Southern counterpart.

Perhaps this ability to see reality whole, to face the many and still considerable problems that we have, is the greatest strength of distinctiveness that the region possesses.

The 1980 Commission on the Future of the South has been assisted in its deliberations by task forces comprised of Southerners who are experts in one or the other of four problem areas considered by the Southern Growth Policies Board as the most compelling facing the South — the economy, the situation of cities, the situation of children, and energy. In the mood of guarded optimism that characterizes the present-day South and with a strong commitment to face reality, let us examine the findings and recommendations of the task forces. □

BEST COPY AVAILABLE

THE TASK FORCE ON CHILDREN IN THE SOUTH

CO-CHAIRMEN

Ms. Florry Glasser
Human Services Coordinator
Division of Policy Development
North Carolina Dept. of Administration
Raleigh, North Carolina

Mr. William E. Dufford
Columbia, South Carolina

PROJECT DIRECTOR

Ms. Paula M. Breen
Associate Director for Human Resources
Southern Growth Policies Board

MEMBERS

Mrs. Bobbie Ames
Protect America's Children
Selma, Alabama

Mr. Brady Anderson
Special Assistant to the
Governor for Human Services
Little Rock, Arkansas

Mr. Barrett Toan
Commissioner
Arkansas Dept. of Social Services
Little Rock, Arkansas

Ms. Lynn Cooper
Arkansas Dept. of Human Services
Little Rock, Arkansas

Mr. Ed Wood
Senior Governmental Analyst
Planning and Budget
Executive Office of the Governor
Tallahassee, Florida

Ms. Candy Brown
Dept. of Intergovernmental Relations
Office of the Governor
Atlanta, Georgia

Ms. Donna K. Smith
Kentucky Dept. of Human Resources
Frankfort, Kentucky

Ms. Susanne Lavergne
Director
Bureau on Childhood Development
Baton Rouge, Louisiana

Ms. Martha Stennis
Chairman
Governor's Commission for Children and Youth
Jackson, Mississippi

Mr. Jim Caldwell
Oklahoma Dept. of Institutions,
Social Rehabilitative Services
Oklahoma City, Oklahoma

Mr. Terry Peterson
Governor's Office
Columbia, South Carolina

Ms. Karen Edwards, Ph.D.
Executive Director
Tennessee Childrens' Services Commission
Nashville, Tennessee

Mr. Merle E. Springer
Deputy Commissioner
Texas Dept. of Human Resources for
Financial & Social Programs
Austin, Texas

Mr. Jerry Southard
Assistant Commissioner for Family
Self-Support Services
Texas Dept. of Human Resources
Austin, Texas

Dr. Jean L. Harris
Secretary
Virginia Dept. of Human Resources
Richmond, Virginia

Ms. Valerie S. Emerson
Director
Virginia Division for Children
Richmond, Virginia

Ms. Margie F. Hale
Project Director
Social Services Delivery Design Project
West Virginia Dept. of Welfare
Charleston, West Virginia

Mr. Tom Llewellyn
West Virginia Commissioner
on Children & Youth
Charleston, West Virginia

Ms. Carmen Romero de Lara
Governor's Office for Child Development
San Juan, Puerto Rico

Mr. Barry Schumacher
Office of Puerto Rico
Washington, D.C.

THE FUTURE OF SOUTHERN CHILDREN

The quality of life for today's Southern children relates directly to the future quality of our region and to its economic vitality. In terms of feeding and clothing its youngest citizens, providing schooling and longer life expectancy, the South of 1981 is a vast improvement over the region of fifty or even twenty years ago. The gains in child well-being have been made by a combination of factors including economic growth and development and social programs. We still have work to do to bring the quality of life for Southern children on par with other American youngsters by many measures.

The characteristics of Southern children are, in fact, different from those in other regions. Historical problems of poverty in the region and its related impact on health and education mark Southern children for significant disadvantages. These are indicated by measures such as income, school dropout, and infant mortality — factors which ultimately will affect the available manpower pool, the tax base and the attractiveness of our region for development. The children in the South also benefit from certain distinctive assets of the region, such as strong family and community ties, the better-than-average quality of the physical environment, and a long-standing Southern cultural tradition. Far more Southern families live within walking distance of relatives than in other regions. And for many Southern children, closeness to nature yet instills an inner peace and strength not accessible to children in crowded cities.

The South has a higher proportion of children than the rest of the country. A demographic trend toward aging in American society has been less marked in the South. Outside the South, the number of children under 18 decreased by 11.5 percent between 1970 and 1978. In the South, the decrease was less than 2 percent, and the number of children under age 5 actually increased slightly. Children under 5 comprise 7.7 percent of the Southern population, 6.8 percent in the rest of the country.

In all, there were 20.8 million children under 18 in the South in 1978, 32 percent of the nation's 64.7 million children, up from 29.9 percent in 1970.

While other parts of the country have been closing schools and paring down services, the South has been experiencing, and will likely continue to experience, a steady or rising demand for services to children. The South's birth rate is higher, and the median age in most of its states is younger. The coming of age of the post World War II "baby boom" generation in the early 1980's will likely further boost the birth rate. The region's 1979 birth rate was 16.8 live births per thousand population compared to 15.3 for the non-South.

The number of children in the South has also increased significantly in recent years by migration and immigration. Between 1970 and 1975, increases in school enrollment in Southern states ranged from 1.4 percent to 17.0 percent as a result of migration from other areas of the U.S.

More than 18,000 Indochinese children have enrolled in the South's schools since 1977. Recent surges of Cuban and Haitian refugees into south Florida have seen more than 13,000 of their children crowded into Dade County Schools. A Texas law denying schooling to children of illegal aliens from Mexico has been declared unconstitutional. There is no accurate account of how many such children are attending school in the state. The cost of educating children who do not speak English is about double that for English-speaking ones. But federal grants for education of Indochinese pupils amount to only $240 per child. Grants for Cuban and Haitian children have been more realistic.

A great deal will be expected of Southern public services during the eighties. The arrival of more immigrants will impose on Southern schools and other institutions something of the "melting pot" function performed in other parts of the country in the past. Another part of ethnic diversity is an old one — the larger number of black children in the South than the rest of the country. One-fourth of the South's children are non-white, compared with 13.2 percent in the non-South. But four states have relatively few non-white children: West Virginia, Kentucky, Oklahoma, and Texas.

The majority of children in the U.S. under age 18 live in families. Most live with either natural, adoptive, or step-parents; in the South, this category includes 17,785,000 children. Of this group, 83.7 percent live in two-parent families; but nearly three million live in single-parent families, mostly with their mothers. Comparing the number of children living with either one or both parents, the profile in the South is comparable to the U.S. picture and both show increases from 15 percent to 19 percent for single-parent families.

In contrast, we see dramatic regional differences — borne out in every single Southern state — when we look at the 3.2 million U.S. children living with relatives who are *not* parents. Nearly 50 percent of those children live in the South: 1.5 million, or 7.8 percent of Southern children, which is twice the rate outside the South (3.8 percent). This is testimony to the strong kinship bonds of Southern families. It reflects what Robert Hill terms "informal adoption", the caring network of extended families performing services that might otherwise require elaborate bureaucracies and institutions.

It is when Southern children enter school that the odds against them get heavy. Though there has been some improvement, the South still lags behind the rest of the nation in the amount it spends for public education. Per pupil expenditures in the South average about 25 percent less than the rest of the country. This is an average. Some school districts, of course, spend more and many far less.*

Southern state and local governments, in the instance of schools, have not held to the resolve to be less dependent than others on the federal government. Federal grants in 1976-77 accounted for 13.2 percent of the South's public education budget, compared with 7.4 percent in the rest of the country. Local government contributes significantly less to education in the South than in other areas of the country. State governments pay the lion's share of public education costs in the South, unlike finance patterns in other regions.*

As for performance in school, Southern children advanced in recent years in the scores they made on standardized achievement tests. There was considerable improvement on scores in reading. But average test grades remain below the national mean.

The South stands out among the U.S. regions in the rate of public school pupils who are retained to repeat a grade. More than 42 percent of pupils who are in grades below that appropriate for their age are in the South. The retention rate may reflect stricter standards in the South and may, thus, be a service to the children. And there is controversy over whether standardized tests accurately measure educational achievement.

But another statistic, that of the number of children who drop out of school, clearly shows disproportionate disadvantage for Southern children. The Department of Health, Education, and Welfare made a study of dropouts from public schools in 1975-76. It found 800,000 in the entire nation. Of these, 300,000 were enrolled in the 14 states in the South. Here for every one hundred high school graduates, there were 38.5 dropouts.

---

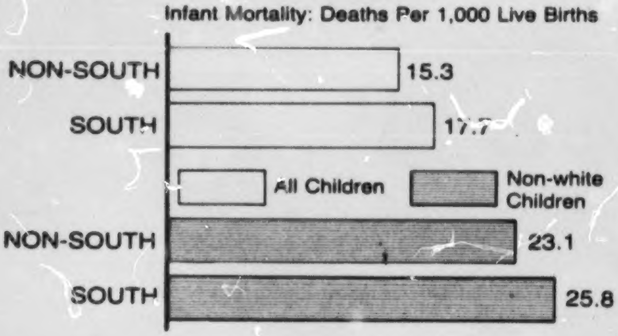
*See chart, page 19.

The Number of Elementary and Secondary School Drop-Outs Compared to the Number of Graduating High School Seniors, 1975-1976 School Year

State	Number of Drop-Outs from All Grade Levels	Number of High School Graduates	Number of Drop-Outs Per 100 Graduates
Alabama	14,277	47,523	30.0
Arkansas	11,653	29,016	40.2
Florida	43,165	89,907	48.0
Georgia	26,903	65,144	41.3
Kentucky	15,224	39,918	38.1
Louisiana	19,313	50,570	38.2
Mississippi	15,454	26,401	58.5
North Carolina	26,216	64,173	40.8
Oklahoma	12,187	38,212	31.9
South Carolina	8,651	37,245	23.2
Tennessee	12,848	51,826	24.8
Texas	63,854	154,543	41.3
Virginia	23,454	67,020	35.0
West Virginia	8,084	21,395	37.8
South	301,283	782,893	38.5
Non-South	521,499	2,042,724	25.5
United States	822,782	2,825,617	29.1

Source: Office for Civil Rights, U.S. DHEW, "State and National Summaries of Data Collected by 1976 Elementary and Secondary Schools Civil Rights Survey", November 1978.

Infant Mortality by Race, South vs. Non-South, 1975



For Southern-born children, the chance of survival during the first year of life is less than in other areas of the country, despite improvements in infant mortality rates. Infant mortality rates are higher in the South than in the rest of the country. And in both the U.S. and the South, infant mortality is higher among the non-white population. Seventy-two percent of the nation's high infant mortality areas are in the South. These include major metropolitan areas as well as remote rural counties. City and county contribute about evenly to the excess infant mortality of the region.

Survival rates for infants has improved for both races in the South. But in Arkansas, Florida, Georgia, Louisiana, North Carolina, Oklahoma, Tennessee, Texas, Virginia, and West Virginia, the rate of deaths after the first month of life did not show as much improvement as that for the first month. This suggests the need for better access to health care after discharge from the hospital. In Alabama, Kentucky, Mississippi, South Carolina and Puerto Rico, there was less improvement in the rate during the first month, suggesting the need for improvement in obstetrical and hospital care.

Part of the problem is the higher incidence of low birth weight babies and teenage pregnancies in the South than elsewhere. Babies born to mothers under age 19 are twice as likely to be of low birth weight as ones born to mothers over that age. In the South, one-fourth of all live births in 1975 were to teenage mothers; and the rate of pregnancy for girls under age 15 is rising in the South, while stable in the non-South. Clearly, the single most common cause of infant death is low birth weight. Nearly two-thirds of all infant deaths occur to babies under 2500 grams (5.5 pounds) at birth.

Special care nurseries and medical technology have improved the survival rate of these tiny babies, but there are indications that they run a higher risk of being handicapped than babies of normal weight. And the South has 1.1 million handicapped children of school age, 8.5 percent of all children.

Forty-two percent of parents in the South did not complete high school, compared with 34 percent in the nation as a whole. Parental education is known to be a significant factor in the education, health and income status of children. And getting by with less than a high school education, as difficult as it is now, will become virtually impossible for today's youth in the near future of increased sophistication demanded in the work force.

The economic circumstances of Southern families have a significant impact on the opportunities and protections afforded Southern children. There is a disproportionate number of poor children in the South. While 30 percent of the nation's children live in the South, 40 percent of its poor children do. Of children in the poorest of families — below 75 percent of the poverty level — 45 percent are in the South.

The number of poor children has declined since 1969, but there are still almost four million of them in the region. The number below the age of five has not changed — almost one million. Poverty rates are 30 percent higher for black and white families in the South than in the nation.

The South gives welfare aid to fewer of its poor children than the rest of the country and gives less amounts of money to those it does aid. Of the four million children in families below the poverty level living in the South in 1975, less than two million received Aid for Dependent Children (AFDC) grants. In other parts of the country, eight of ten million poor children receive grants. Not allowing the grants to go to families headed by unemployed males is one of the reasons for the South's lag; eligibility rules is another.

AFDC benefit levels in the South are about half of the U.S. average. In September 1977, the South paid an average monthly benefit to children of $58 compared with $127 in the non-South. Because cash assistance is low, food stamp benefits (paid by 100 percent federal funds) constitute a large portion of the total benefit package. The federal share of the combined AFDC and food stamp package ranges from 70 to 96 percent in Southern states.

Likewise does the South lag in Medicaid payments to children. It had 40 percent of the nation's poor children in 1976, but only 22 percent of its child Medicaid recipients. In that year, Medicaid for Southern children totaled $462,249,000 or 17.8 percent of the region's total Medicaid expenditures. Average expenditures for Southern children were significantly lower than the U.S. average of $240 per year. Regional differences in attitudes about accepting public assistance may account for some

Percent of Children Below Poverty Receiving AFDC, 1975

State	Children 0-18 In Poverty[A/]	Children 0-21 Receiving AFDC[B/]	% In AFDC
Alabama	209,000	123,580	59
Arkansas	147,000	80,485	55
Florida	493,000	187,591	38
Georgia	354,000	229,359	65
Kentucky	225,000	134,704	31
Louisiana	304,000	174,763	57
Mississippi	260,000	143,525	55
North Carolina	294,000	139,498	47
Oklahoma	127,000	66,964	52
South Carolina	217,000	102,442	47
Tennessee	256,000	155,659	61
Texas	813,000	267,797	33
Virginia	202,000	129,096	64
West Virginia	104,000	50,769	48
Puerto Rico	958,000	151,881[1/]	16
South	4,005	2,000	50
Non-South	5,862	6,088	103
U.S.	9,867,000	8,088,539	80

[1] Incomplete

[A] Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 884, "Demographic, Social and Economic Profile of States: Spring 1976," U.S. Government Printing Office, Washington, D.C., 1970.

[B] Social Security Administration, *Social Security Bulletin*, Table M34, June 1976.

---

of the South's lag in AFDC and Medicaid assistance to children.

In a probable reaction to the restrictive welfare policies and low wages in the South is the fact that more Southern mothers of young children are working outside the home than in the rest of the country. In 1976, nearly half of Southern mothers with children under age 18 worked outside the home. In 1980, 2.5 million pre-schoolers had mothers in the labor force. This is a 60 percent working mother rate compared to 50 percent in other parts of the country.

The higher incidence of working mothers holds true in two-parent families with children under age 6. In 1975 in the South, 44.8 percent of such mothers had jobs outside of the home, compared with 38.3 percent in the rest of the country.

The large number of young children whose mothers work creates a need for good child-care arrangements. This is among specific recommendations of the Task Force on Children which deal with a range of problems blocking the full potential of too many of the South's children.

We know that the South's young population will present significant demands for public services in the 1980's. The higher birth rate and greater migration rate of young families to the South, in addition to expanded metropolitan populations and higher levels of expectations for services, will add to the pressures of existing problems. Changing family structure, more single-parent families, more working mothers, and the waves of new migrants both young and old who live in the South without benefit of extended families signal a basic need for

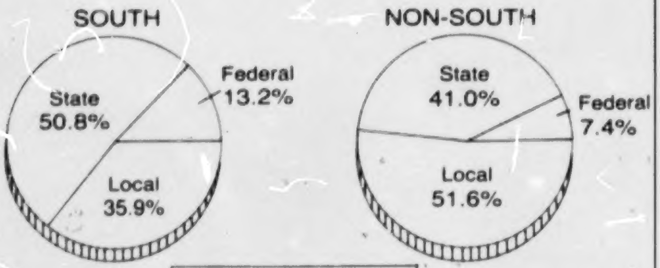
BEST COPY AVAILABLE

flexibility and responsiveness in the Southern support systems which have traditionally relied on informal networks of kin, relatives and small communities.

The challenge of the 1980's of developing public policies for service delivery will no doubt be met by building on these regional strengths. There is a very delicate balance between preserving the best of traditional values and structures and at the same time responding to the pressures of old problems and unprecedented new growth.

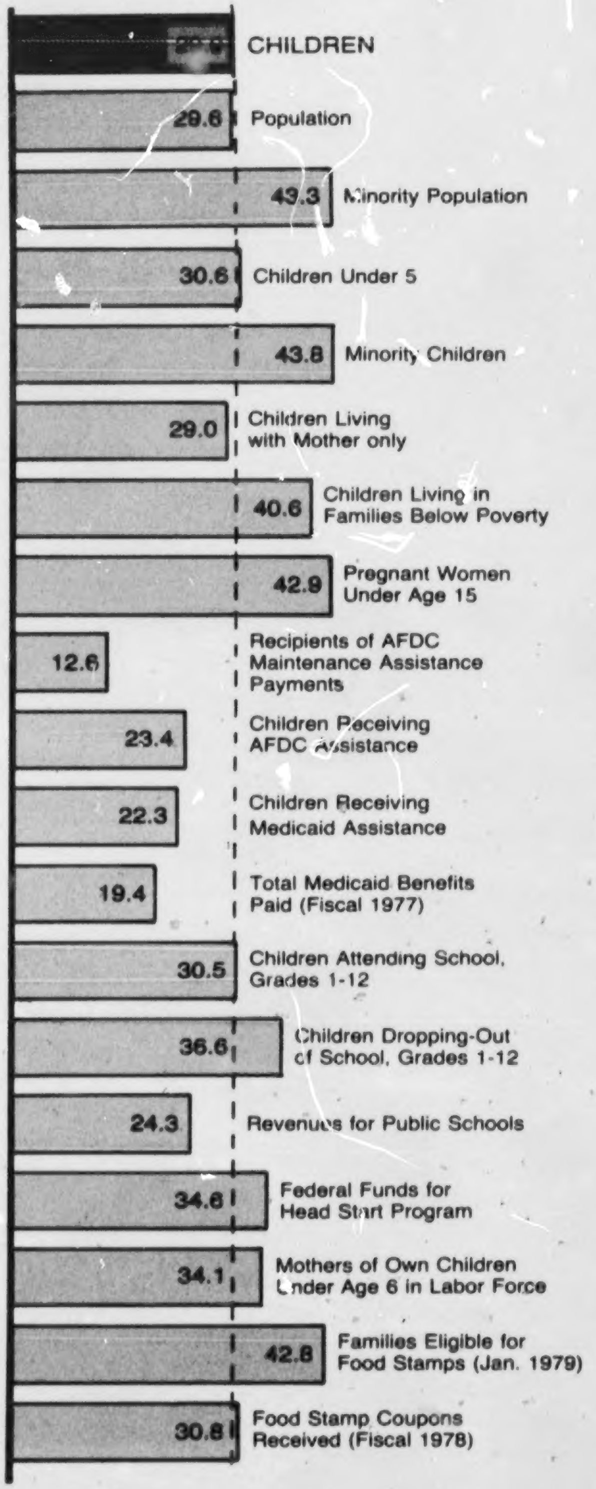
The Task Force on Southern Children is committed to developing responses to these needs. The following recommendations to the Commission on the Future of the South are an important step. ☐

Revenue per Pupil by Source, 1976-1977



TOTAL REVENUE PER PUPIL	
South	$1468
Non-South	$2010

SOUTH AS A PERCENT OF NATIONAL TOTALS:



Source: *Southern Exposure*, Durham, N.C., special issue on "Growing Up Southern," 1980.

RECOMMENDATIONS OF THE TASK FORCE ON SOUTHERN CHILDREN

Introduction

This report focuses on the most serious needs of our children, recognizing that the limited resources in the next twenty years compel us to learn new rules for accomplishing social objectives. It appears essential that the public sector invite the private sector to join in the search for solutions to the problems our communities will face. The very composition of the Commission reflects that commitment to partnership, and we urge you to collectively address the concerns of this report.

It seems clear that economic development and investment in human capital is a long-term strategy needed to address more than just the symptoms of poverty and disadvantage. Jobs, self-sufficiency and self-worth are fundamental for improving the lives and potential of Southern children.

However, such strategies take time and in the meantime our neediest children are confronted with a serious mismatch between their needs and the state and local resources available to them. Social programs providing symptomatic relief to our neediest children, through food, housing, and income support are essential short-term correlates of long-term economic growth.

I. Economics of Southern Children

Findings: Southern poverty is persistent, and Southern children are the poorest in the country. This fact lies at the roots of the experiences of four million Southern children, yielding them painfully vulnerable to risks of poor health, poor housing, poor nutrition, lack of basic education and opportunities. Mean and median incomes for Southern families with children are lower than in the rest of the country. Although the numbers of children in poverty have declined by small amounts over the past decade in the South and Southern child poverty rates have improved, part of that gain is due to an influx of affluent families to the region, thus altering the rate. Economic growth in the Sunbelt has bypassed some Southerners and their children.

Poverty rates for black, Hispanic and American Indian families in the United States are three times higher than for white families. This holds true in the South; however, white family poverty rates are nearly 30 percent higher in the Census South than in the other states.

Though children in female-headed families are almost four times more likely to be poor than children in families headed by males, half of the school-age children who are poor do live in male-headed families. In every Southern state but one, these poor children in two-parent families are categorically ineligible for Aid to Families with Dependent Children (AFDC).

Only one-half of the low-income children living in Southern states received AFDC assistance in 1975. (Nationwide, 80 percent of poor children receive AFDC benefits to which they are entitled.) Southern children who do get AFDC benefits only receive on the average about half as much money each month as do their peers in the rest of the country.

Programs for the poor are important to many Southern children, and Southern policymakers should be alert to the impact of these programs and proposed changes to them on Southern children.

Southern decision-makers concerned about the public cost of AFDC and other income-tested programs should focus attention and resources on prevention and early intervention in areas such as school drop-out, youth employment experiences, teenage pregnancy and family stress. (One Southern state reports that 20 percent of current AFDC mothers are between 14 and 19 years of age.)

Research cited recently by the Joint Economic Committee of Congress reveals that youths without serious work experience during their teens continue to have great difficulty obtaining decent jobs as adults compared with those who did have jobs as teens. Recommendations related to these issues will be found under Sections II, Education, and III, Health.

Women are the primary caregivers to Southern children. In one out of five Southern families they are also heads of household. In many other Southern families women work to supplement low wages of their husbands. Sixty percent of preschoolers in the South have mothers who work outside the home (compared to 50 percent in the rest of the country). Mothers of children under three years old are entering the labor force at the highest rates. Also, mothers who are single heads of households are working outside the home at higher rates than other mothers. Children need someone to care for them daily while their parents work, someone to care for them when they are sick, and parental care during infancy — all needs which parents must juggle with the demands of their jobs. These findings indicate a need for a focus on children of working mothers in the coming decade and several recommendations address that need.

Recommendations:

A. Jobs

1. Develop and implement local, state and regional economic development and human resource policies and programs that are responsive to the needs of the unemployed, under-employed, unskilled seasonal, and low wage earners. Support public and private investments to develop jobs in high poverty areas and target minorities, single parents and other chronically underemployed groups as a first-order priority rather than depending solely on trickle-down economic policy. Explore projects such as City Venture. Support implementation of equal opportunity and civil rights laws, policies and programs.

2. See recommendations under Section II, Education.

B. Working Families

1. Explore, document and encourage implementation of ways employers of parents can be responsive to families' needs. Studies suggest that split shifts, flexible time schedules, good benefits, sufficient wages, paternity leave, sick leave to care for sick children and other stress-reducing personnel policies can greatly assist families with children. Parents who work part-time should receive full or at least pro-rated fringe benefits, a growing trend both in industry and in several Southern state governments.

2. Provide assistance to parents for day care expenses allowing for their own choice of day care arrangements by:

a) increased and sliding-scale refundable federal tax credits to families using day care;

b) clarification that child care benefits/allowances provided by employers to working parents should be non-taxable;

c) provision and promotion of tax incentives to employers to make day care fringe benefits available through vouchers or direct support of centers according to parents' preference.

3. Southern economic development decisions might more sensitively take into account the needs of working parents for workplace proximity or dependable transportation to home and services, wages that can support families (especially for young, single, often unskilled mothers) and other factors which affect families' everyday lives.

4. Before and after school programs for children whose parents work have been quite successful in many communities and could be expanded through coordinated resources of schools, community groups and recreation departments according to local needs.

5. Innovative programs to improve the quality of day care without reducing quantity should be supported. For example, Texas and West Virginia have innovative programs to provide training, support services and resources for day care homes, as do numerous local projects and sometimes agricultural extension services. These homes are most often less costly yet they are more convenient and the first preference of consumers of day care.

C. Assistance Programs for Southern Children

1. Strong work incentives currently exist in Southern AFDC programs. However, we need to couple these incentives with job training and placement opportunities. Southern governors should promote regional demonstrations of ways to better link WIN, CETA, Title XX, Employment Security Commissions and public and private employers. Many low-income parents are working or want to work but suffer chronic underemployment or unemployment. Southern states, through public and private efforts, should help AFDC mothers into employment by concentrating human resource development investments and targeting job opportunities for women workers.

2. When job training and placement is not a solution for low-income parents, income transfer payments must be sufficient for them to meet the needs of their children.

3. Southern assistance programs should eliminate penalties against two-parent, low-income families for means-tested and income assistance programs, especially AFDC and related benefits of Medicaid. Family composition should not be a deterrent to helping the neediest children.

4. Both federal and state policies should aim to improve managing income transfer and means-tested assistance programs, including low-income energy assistance, AFDC, Food Stamps, Sup-

plemental Security Income, and Medicaid:

- a) standardize definitions for income and resources across programs — not necessarily the same cut-off levels — but what is counted as income and assets;
- b) consolidate planning;
- c) simplify eligibility, intake process;
- d) emphasize job training and placement for recipients with likelihood of employability.

State and federal policies should support effective and efficient local community-based services to promote access to and choice of services by families in need.

5. "Cost-of-living differentials" are poor determinants of childrens' needs. Inform decisionmakers on this, particularly in reference to currently proposed changes in the Title V Maternal and Child Health program formula for allocation of federal funds among states.

II. Education

Findings: Average per pupil expenditures for elementary and secondary education in the South are only two-thirds of the average expenditures in the rest of the country. Teacher salaries are significantly lower. The range of school district expenditures for public education in the South is skewed to the lower levels of the national range.

Although progress has been made on Southern students' achievement scores, these test results are still below the national norms. The number of adults (including parents) without high school diplomas and the number of students leaving school before high school graduation is significantly higher in the South than in the non-South.

Completion of high school and the number of years of education correlate strongly with unemployment, low income, poor health and dependence on public assistance.

Recommendations:

1. Increased state and local priority in public instruction should be directed towards:

- a) early childhood development, especially information for parents and other caretakers of young children;
- b) teaching and remediating basic skills;
- c) filling critical shortage areas such as math and science teachers;
- d) implementing systematic dropout prevention strategy.

2. Southern states should develop alternative programs to reduce dropouts including:

- a) in-school suspension;
- b) employment and work combinations;
- c) day care for teen parents.

A comprehensive dropout prevention strategy begins with early childhood development programs, shown to have long-term effects on performance. It would also include special attention to middle school grades 7, 8 and 9, and would focus on diagnosis and remediation of academic problems. Early adolescence is the critical time for a student's shaping of his/her personal future. Exposure to opportunities for advanced study and/or work should occur at this time. For some children the public school is the only resource to encourage a positive attitude about the future and his or her potential. The schools must find manpower (voluntary or paid) to provide (on a one-on-one basis if necessary) support and encouragement to those children who have limited sources of help or connection to mainstream adult liife.

A dropout prevention strategy must also include a means to link students to the world of work — particularly those minority students who feel understandably most alienated and isolated. Many of these youngsters leave school before graduation because they recognize the absence of job opportunities after graduation. Some optional strategies to be explored include the following:

- a) identify and remove, where possible, barriers to employment and apprenticeship for high school students;
- b) increase vocational-technical alternatives for students who do not choose to pursue academics;
- c) support alternative work-education programs through industry adopt-a-school programs, using potential employers as tutors. Explore the possibility of programs like Control Data Corporation's Fair Break, providing basic skills education, training, skills development and jobs preparation. Also, part-time employment in projects like Control Data's Selby Bindery can offer opportunities for work to students and others.

3. Southern states should expand work opportunities for youth — especially unemployed youth in rural and urban distressed areas — and should evaluate the following, taking care not to displace adult workers:

- a) modifications to minimum wage law, e.g. less than minimum wage during on-the-job training period but equal pay for equal work;
- b) public subsidy (partial) to employers for hiring youths;
- c) tax credits to employers for hiring youths.

4. In order to attract and keep high quality teachers in our region, teacher salaries must be increased. Combined monetary and non-monetary benefits (including shared jobs, fringe benefits, and recognition) must be competitive with other areas of the country and other careers in the South.

5. Southern leadership should communicate a commitment to public education as a comprehensive task of the community — involving parents, non-parents, industry, business, voluntary and civic groups. Public schools are a community resource for adult education and recreation for all age groups, and for use by community groups. State and local social service agencies need to develop coordinated plans for how to use these facilities.

6. A critical variable in any school or school system is leadership to promote teacher quality, cooperation and morale. Two regional experiments should be undertaken to test means to upgrade leadership in public schools:

First, target school principals for training and technical assistance to promote leadership and problem-solving skills. The size of this target group is manageable and may be appropriate for interstate, regional seminars.

Second, orientation and in-service training should be provided to locally elected school board members through a regular series of training institutes provided in concert with the state boards of education, parent-teacher associations, and institutions of higher education.

7. Public schools in the region should be encouraged to tap the enormous potential of senior citizens to assist schools and students, including paid senior volunteers and foster grandparents.

8. Due to immigration to Southern states, many small communities are faced with non-English speaking students for the first time. In some cases, the native language of these students is a relatively rare Southeast Asian dialect. The region's chief state school officers should consider a regional pool of expertise, materials and training to help small communities teach English as a second language.

III. Health

Findings: Region-wide indicators of health in the South reflect, at least in part, the South's concentration of poor, minority and rural residents—the groups known to be most vulnerable to health problems. A complex web of poverty, inadequate nutrition, substandard housing, lack of prenatal care, and inappropriate utilizing of child health services contribute to the picture of child well-being—or the lack of it—in the South.

Infant mortality rates and the incidence of low birth weight newborns are higher in the South for both whites and non-whites. Of the designated areas of "pockets" of high infant mortality, 72 percent are located in the South. Birth weight, prenatal care and maternal age are highly correlated with infant mortality, congenital malformations and handicapping conditions. Of pregnancies to children under 15 years of age, 42 percent are in the South, and the rate among Southern white girls has sharply increased.

Fewer Southern children receive regular medical or dental care than do children in the non-South, and the rate of insurance coverage for Southern children is lower than for children outside the South. At the same time, there are a large number of Southern children suffering from handicapping conditions which impede their development. Furthermore, significant numbers of Southern children die each year from accidents, most of which involve automobiles.

Southern children have better than average immunization rates. Some reasons for their good performance are: effective state laws; effective public information campaigns; access to low-cost services from either public health departments or private health providers. Southern parents clearly demonstrate by their immunization behavior a desire for preventive approaches to good health. It is reasonable to assume that the successful immunization strategies can be transferred to other preventive health strategies so that more Southern children benefit from prenatal care, perinatal care and preventive child health services.

Medicaid is an important current and potential souce of funding for health care for low-income children. Although children constitute 40 percent of the Medicaid recipients in the South, they draw only 18 percent of the Southern Medicaid payments. This is largely because most child health services are ambulatory, outpatient and relatively low-cost services. The average per child annual Medicaid payment is less than $200 in the South. Unlike the high technology, institution-based, and long-term care services of other populations, children's services have not been responsible for pushing Medicaid costs through the state and federal budget ceiling. The preventive return on investment in child health is directly related to a healthy and productive population in the future.

Recommendations:

A. **Targets: Prevention Strategies, High-Risk Groups, and Geographic Areas**

1. Southern states should use available resources to give high priority to preventive health services, especially maternal, prenatal and child health services for Southern children and families. Preventive efforts should be targeted to high-risk populations (such as the poor, minorities and both younger and older mothers), and to geographic areas with high indicators of child health problems.

2. Federal and state governments should address the high incidence of infant mortality in 409 Southern counties — using outreach, coordination, monitoring, accountability and outcome measures by such means as:

a) Targeting the allocation of federal and state funds (e.g., Title V Maternal and Child Health, National Health Services Corps, Title X Family Planning) to high infant mortality areas;

b) Fully implementing the Supplemental Food Programs for Women Infants and Children (WIC) in all 409 Southern counties designated as high infant mortality areas.

c) Requiring comprehensive outreach/educational programs for prenatal care and family planning in all counties designated as high infant mortality counties.

d) Developing and using improved procedures for mapping health data to more accurately target high need areas.

3. Southern states should insure access for all high-risk mothers and babies to appropriate tertiary care through a state-level regionalized perinatal network. Federal incentives such as higher federal matching rates for Title XIX or Title V in states where regionalization is operational should be evaluated. Staff of tertiary hospitals should provide training to primary and secondary hospitals to assure appropriate referrals. Support services such as counseling, social services, education, job placement and child care should be available to all high-risk pregnant women.

B. Innovation in Funding and Delivery of Health Services

1. More experiments with prepaid health care for children and families (e.g. Health Maintenance Organizations) should be launched. Federal policies should encourage HMOs to review and expand their ability to provide services to children and pregnant women. Specifically, the federal government should waive Medicaid regulations to enable HMOs to enroll low-income families.

2. Seventy-one percent of child health costs are paid out-of-pocket. Most private insurers do not cover preventive or routine child care. We need to find incentives for private employers to provide fringe benefits to employees (especially the working poor) and their families that would assist in medical care coverage (e.g. private health insurance, group and prepaid health care plans). Other Southern states should consider implementing the Florida "Employers Health Action Coalition" to contain health care costs and to improve private third-party mechanisms by designing benefit packages which cover preventive services.

3. Southern states should build on the traditional strengths of the local health departments by establishing comprehensive protocols for health care for children, teens and women.

Public health and social services should be scheduled at places and times that are convenient to working families, including evening hours and weekend hours. Flexible clinic hours can benefit not only the recipients of services but also the service providers, who may have more options for flextime and shift arrangements for their own child care and family convenience.

4. To expand the supply of private health care providers who accept low-income patients, public agencies should work with private professional organizations such as the American College of Obstetricians and Gynecologists, state medical societies, the American Academy of Pediatrics, the American Academy of Family Physicians, the American College of Dentists, state hospital associations and others.

5. To improve public administration and to simplify programs for recipients, consolidate federal and state programs funding similar types of activities which are principally directed toward health care for women, infants, and children (i.e. MCH, Family Planning, Adolescent Pregnancy, Sudden Infant Deat Syndrome); mandate coordination of programs which cannot be consolidated (WIC, AFDC, etc.).

6. In response to areas of critical shortages of physicians, Southern states should expand and assist efforts to use nurse practitioners for maternal and infant care; encourage nurse/midwife/obstetrician teams in hospital-based birthing centers.

7. Southern governors should call for regional demonstration, evaluation and information-sharing about the use of home visiting services to extend the reach of health professionals beyond the walls of offices and institutions. Home-visiting nurses, trained lay people or some combination could provide information, basic services, linkage to appropriate services, and identification of special risks. Special state grants and increased federal Title V funds are potential funding sources.

8. Insure adequate outreach efforts to provide WIC, AFDC, Food Stamp, Early Periodic Screening Diagnosis and Treatment (EPSDT) and family planning services to all eligible children and families. Train indigenous workers to provide outreach, education and referrals to women of childbearing age; recruit church members to utilize existing communication networks to provide family planning and interconceptual health care information and referral to families.

9. Organize multidisciplinary strategies dealing with mental health, drug abuse, alcoholism and incorporate these programs into health services planning and delivery at the national, state and local levels.

C. Primary Prevention and Education

Southern states can implement a preventive education-oriented approach to maternal and child health by considering the following strategies:

1. Reduce accidents, the leading cause of death among children age one year and older through:
   a) automobile seat restraint distribution schemes with outlets at hospitals, libraries, rescue squads;
   b) education to use seat restraints;
   c) education to reduce other accidents.

2. Support access to public and private family planning services for all sexually active men and women.

3. Evaluate the effectiveness of reducing teenage pregnancy of projects such as the St. Paul program in Southern settings.

4. Institute comprehensive health education programs in the schools, churches, parent and youth organizations.

5. Launch a major region-wide information and education campaign, in conjunction with private organizations, such as the National Foundation March of Dimes, on the benefits and importance of early and adequate prenatal care and preventing or favorably timing high-risk pregnancies. Use mass media to tell the public, as part of this campaign, what health authorities believe to be the most critical and common high-risk conditions. Establish and promote coalitions and workshops on teen pregnancy, prenatal care and infant care.

6. Work with private providers, especially physicians, and with organizations such as the March of Dimes, Easter Seals and other groups to prevent handicaps and to provide early identification of handicaps as well as to remove barriers to handicapped children.

Commission Response to Task Force Recommendations

The Commission on the Future of the South accepts the report of the Task Force on Southern Children. The region needs a long-term strategy of economic development and investment in human capital to rectify historic problems of poverty and disadvantage. Implementaton of these recommendations will be a first step toward improving the quality of life for Southern children, their families and the future of the South.

The Task Force has presented a balanced agenda, including targeted economic development focused on those who have been bypassed by the region's recent growth; public and private policies to assist the many working families of the region; and social programs to bring the health, educational, and developmental progress of our children on par with the nation's youngsters.

In addition, the Commission wishes to present some supplementary comments about Southern children that emerged during discussions of this report. These comments do not replace or prioritize the Task Force material.

The Commission calls for a firm commitment to public elementary and secondary education. Improving the quality of public schools will require more than increased spending. Teacher quality is vital and is a serious problem. Teacher quality would be improved by provisions to allow people with expertise but without specific training in education to teach in the public schools and by replacing tenure with a merit system using teacher competency tests.

The practice of social promotions has devalued the high school diploma in the eyes of students as well as employers and parents. For students to commit themselves to successfully completing high school, the diploma must be valuable to them; it must mean something. Moreover, the world of work must not be a dead end.

Instruction in the workings of the U.S. economic system should be included in public school curricula. Volunteers, particularly from business and industry, should be encouraged to contribute time in working with public school students.

Education is a key for equipping our children to play productive roles in the future. Because of past failures defined by the South's high illiteracy rate, we also need remedial programs for adults which will benefit them and their children.

A great deal has been accomplished by non-governmental means, family and community networks, volunteer organizations, and churches; but many children were not helped by those means. Governmental programs have helped far more needy children, especially through nutrition and early education programs. Both government and non-government support are important, and every effort should be made to avoid pre-empting private efforts with government programs.

Good health is needed so that children can function well in school, and providing a child with adequate health care and diet is relatively inexpensive. Prenatal care and nutrition, especially for high-risk mothers, is a vital part of any child health program.

The data on Southern children show that the burdens of poverty, inadequate education and poor health fall disproportionately on racial and ethnic minorities. Throughout history, the South has been damaged by racism; although progress has been made, vestiges remain that must be addressed before we can solve the problems facing our region's children. Today racism is recognized as a problem nationwide, but that in no way lessens the urgency of overcoming that aspect of our region's heritage. □

BEST COPY AVAILABLE

THE TASK FORCE ON THE SOUTHERN ECONOMY

CHAIRMAN

Mr. Albert J. Bows
Atlanta, Georgia

PROJECT DIRECTOR

Dr. Bernard L. Weinstein
Associate Director, Center for Policy Studies
The University of Texas at Dallas
Richardson, Texas

MEMBERS

Mr. Ben Collier
National Management, Inc.
Montgomery, Alabama

Mr. Robert K. Middleton, III
Deputy Director for Planning
Arkansas Dept. of Economic Development
Little Rock, Arkansas

Dr. Hank Fishkind
Bureau of Economic and Business Research
University of Florida
Gainesville, Florida

Mr. Philip Hammer
Tampa, Florida
(Task Force Chairman, April to August, 1980)

Ms. Katherine G. Peden
Katherine G. Peden & Associates
Louisville, Kentucky

Mr. Russell Haas
Guarantee Bank & Trust Company
Gretna, Louisiana

Mr. Gene A. Triggs, Sr.
Executive Assistant to the President
Mississippi Chemical Company
Yazoo City, Mississippi

Mr. Thomas I. Storrs
Chairman of the Board and
Chief Executive Officer
North Carolina National Bank and
NCNB Corporation
Charlotte, North Carolina

Mr. Jay Casey
Director, Industrial Development Department
State of Oklahoma
Oklahoma City, Oklahoma

Mr. Jose Madera
Director, FOMENTO
San Juan, Puerto Rico

Mr. David M. Reid
Executive Assistant to the Governor
for Economic Development
Columbia, South Carolina

Mr. James C. Cotham, III
Commissioner, Tennessee Dept. of Economic and
Community Development
Nashville, Tennessee

Mr. Ray Nasher
The Nasher Company
Dallas, Texas

Mr. Donald R. Just
Bank of Virginia
Richmond, Virginia

Mr. Robert Barill
Executive Director
West Virginia Economic Development Authority
Charleston, West Virginia

Mr. Lamond Godwin
Administrator, National Programs
Department of Labor
Washington, D.C.

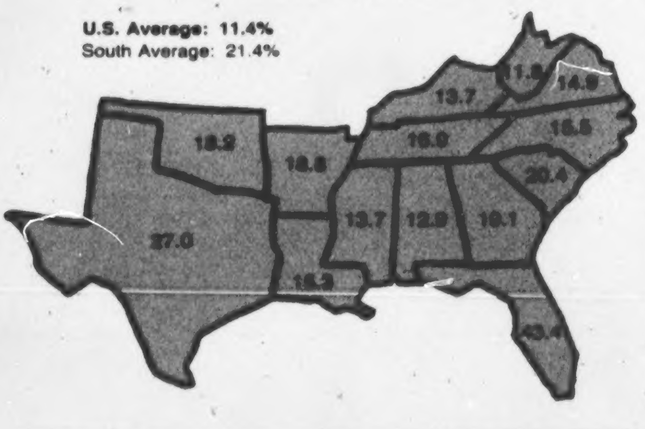
Note: Titles of task force members are listed according to the positions held at the time of their appointment.

THE FUTURE OF THE SOUTHERN ECONOMY

The growth of population during the past decade was so great that the South is now the most populous region in the nation. One out of three Americans is today a Southerner. During the 1970's, the Southern population increase was almost twelve million persons.

But that growth was not evenly distributed. Texas and Florida had almost half of it. Texas logged an increase of 3.0 million people (a 27 percent gain) while Florida showed an increase of 2.95 million (a 43 percent gain). Nonetheless, all of the other thirteen states grew at a rate greater than the national one. Puerto Rico's population increased significantly by 17.3 percent.

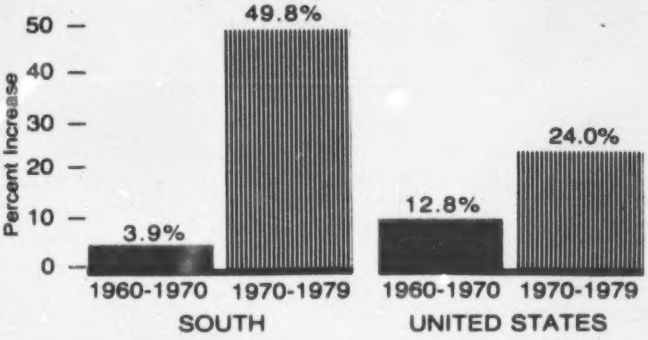
PERCENT CHANGE IN POPULATION 1970 to 1980



Population of the 14-state region increased from 50,662,000 in 1960 to 57,584,000 in 1970 to 69,889,883 in 1980. Much of the growth was due to immigration from other parts of the country, most notably the Northeast and Midwest, and from the Spanish-speaking countries to the South and the Caribbean.

Importantly, the 1970's saw a reversal of the long-standing trend of outmigration from the South. During the 1960's, twelve Southern states, all but Texas and Florida, had a net population loss of 1.2 million due to outmigration. During the 1970's, those same twelve states gained more than 1.5 million people from migration alone.

In-Migration as a Percent of Total Population Increase, South vs. U.S., 1960-1970 and 1970-1979



In the rest of the nation, rural areas grew faster than metropolitan ones throughout the seventies. But in the South, metropolitan areas grew at a slightly faster rate, partly because of a change in the status of some outlying counties which were added to metropolitan areas, partly because of the last phase of the region's long ongoing migration from farm to city. By the end of the seventies, a total of 62.5 percent of Southern people lived in Standard Metropolitan Statistical Areas (it had been less than 55 percent in 1970), compared with 73.4 percent for the rest of the country.

Nonetheless, the proportion of Southerners residing in nonmetropolitan areas is greater than for the rest of the country; and these areas are growing, though at a slightly slower rate, which is a reversal of a long-standing trend of outmigration and population decline. In 11 of 15 Southern states, the rural growth rate was higher than the national rate as late as 1978. But some rural counties have continued to lose population. Of 1,080 rural counties in the South, 173 lost population between 1970 and 1976.

Of the South's cities, those with less than 50,000 population grew at a much faster rate than ones with more during the first half of the seventies. In all but West Virginia, the fastest growing group of small cities (those under 50,000 population) were those in the metropolitan suburbs. Their rate of growth was 18.5 percent from 1970 to 1976, compared with 5 percent for all cities and towns in rural areas.

The population growth of the South has been more than matched by gains in employment. Total non-agricultural employment increased 43 percent from 1970 to 1979, compared with 26.3 percent nationally. A total of 8,033,000 jobs were added between 1970 and 1979. Employment growth rates exceeded population growth by a factor of 2.8 during the 1960's and 2.6 between 1970 and 1979.

Manufacturing by the end of the 1970's had been just barely displaced by retail and wholesale trade as the leading employer in the South. Manufacturing had 22.4 percent of the total non-agricultural employment, compared with 22.8 percent for wholesale and retail trade. During the 1970's, services, trade and government employment grew faster than manufacturing. Employment in wholesale and retail trade increased by 2,043,700 or 52.8 percent from 1970 to 1979. Employment in services increased by 1,707,400 or 64.9 percent, while government jobs increased by 1,191,100 or 32.1 percent.

Manufacturing employment, by contrast, increased by 1,018,100 or 21.3 percent. But the quality of manufacturing in the South was on the increase. Between 1972 and 1977, value added by manufacturing in the 14 Southern states increased by 79.9 percent compared with 65.5 percent in the rest of the country. During the same years, labor-intensive, low-wage manufacturing, such as textiles, apparel, furniture, lumber and wood showed a net decline of 19,000 jobs.

Employment increases, meanwhile, were in high- and medium-wage industries. Leading in the growth of these was non-electrical machinery, with more than 100,000 new jobs over a five-year period. Most of these new industrial jobs can be classified as a high-wage industry in 10 of the 14 states. Second fastest growing was electrical equipment, 52,500 new jobs from 1972 to 1977. Other medium- or high-wage manufacturing employment groups with substantial growth were rubber and plastics (47,200 new jobs), fabricated metals (46,500), chemicals (43,700) and printing and publishing (26,200).

But this could be seen only as a hopeful trend to build on during the 1980's. Though the South had a higher proportion of its manufacturing employment in high-wage industry than low by 1977, it was close—38.6 percent compared with 35.8 percent. Low-wage employment still counted for more than half of all manufacturing employment in North Carolina and South Carolina, with their predominance of textiles, and Mississippi. Arkansas and Georgia had almost half their manufacturing employment in low-wage industries.

Employment growth from 1970 to 1977 was spread through the region's metropolitan areas, fringe-metropolitan areas and rural areas, according to the U.S. Bureau of the Census. Suburban counties on the fringe of metropolitan areas had the largest percentage increase in private non-agricultural jobs.

While non-agricultural jobs have been increasing at such rates, agricultural jobs have continued to decrease. From 1970 to 1975, the decrease is estimated at just under 3 percent per year. So long the dominant occupation, agricultural jobs now comprise only around 8-12 percent of rural wage and salary employment in most Southern states.

Agriculture-related jobs in wholesale and retail trade, services and manufacturing provide an important economic base to many parts of the South. Income from part-time farming supplements wages of people employed in non-farm jobs. But it is non-farm employment that keeps the economies of small cities, towns and rural areas going. Those parts of the rural South which have not experienced industrial growth are not sustained by agriculture alone. For the most part these areas are still experiencing economic distress with continuine out-migration, high unemployment and underemployment.

A Task Force paper points out that a disproportionate number of the South's poor live in rural areas. While nonmetropolitan areas had 37 percent of the region's population in 1977, they had 55 percent of the region's poor. In 1975, more than half of the nation's nonmetropolitan poor lived in the South. The South was the only region having more rural than metropolitan poor — estimated by the Census Bureau to total over 5.5 million persons in 1975.

Of the farms left in the South, those specializing in poultry are among the highest producers. Five Southern states—Georgia, Arkansas, North Carolina, Alabama and Texas—produce more than $200 million in poultry products a year, almost 40 percent of the U.S. total.

Livestock ranches are in Texas and Florida. Cotton is still grown in the Mississippi Valley, Alabama, Georgia, the Carolinas, Texas and Oklahoma. Tobacco is produced in the eastern Carolinas, southern Virginia, south Georgia, Kentucky and north Florida. Tree farm acreage, mostly soft woods for pulp mills, is abundant from North Carolina areas to Texas.

Since World War II, three important new farming areas have been developed in the region: northern Arkansas for cultivation of rice; eastern North Carolina, South Carolina and adjacent areas of southeastern Virginia for growing soybeans, corn and commercial vegetables; woods and marsh areas of south-central Florida for citrus fruits and nuts.

Texas, Louisiana and Oklahoma are the major oil and gas producing areas. Two-thirds of the great Appalachian coal field is located in West Virginia, Kentucky, Virginia, Tennessee and Alabama. The South is the nation's largest supplier of these three sources of energy.

Iron ore is found in Alabama, phosphate in Florida and kaolin in Georgia. There is a scant amount of copper refining but significant aluminum processing in the region.

With the South's declining advantages over other areas in tax rates, cost of living and energy costs during the 1980's, and along with slower industrial growth, the possibility of increased agricultural production and development of natural resources should contribute to economic expansion. These important sectors should present an opportunity, too, for alleviating the considerable poverty which exists in the rural South.

As for the major sectors of the region's economy, one Task Force paper on Southern manufacturing suggests that predictions of a shift from manufacturing to a post-industrial service economy may be premature. Or as one economist put it, "The South is going through the industrial age and the post-industrial age at the same time."

The tertiary area of service and sales jobs is expected to show the greatest growth in the 1980's. But more sophisticated industry should also contribute to income increases and job expansion. Indeed, a strong manufacturing sector can help the South to afford the expansion of the tertiary area.

Assuming that the U.S. economy does not get appreciably worse and hoping that it improves, population growth in the South can be predicted to reach more than 80 million by 1990 (from around 70 million now). Economic growth should see the region, if not each state, close to the national per-capita earnings rate by then.

As another Task Force paper points out, the growth will not be without cost in increased congestion and environmental degradation. However, care in planning can keep these to a minimum.

Growth in the South will be encouraged if the nation pursues sound economic policies. More than ever before, what happens in Washington greatly affects the South. Federal initiatives, such as export promotion policies, regulatory reform, and incentives to promote technological innovation, would be extremely beneficial to the South's industrial expansion. There is the danger, though, that efforts to reindustrialize the nation, with aid targeted to declining Northeast and Midwest cities, will penalize more productive areas like the South. Detrimental policies would include those that restrict the ability of industries to relocate, that revise labor laws to promote compulsory unionization, and that impose unnecessarily restrictive energy and environmental regulations on underdeveloped areas. There is a need, meanwhile, for the federal government to re-examine its laws and regulations affecting the production and sale of oil, gas and coal with a view not to the South's economy but to making the nation less dependent on foreign supply.

Actions of Southern states can also abet growth. For example, while the region's transportation system has improved in recent years, even more improvement is needed. Steps need to be taken to improve the intermodal transfer of commodities. There will be increasing demands from the rest of the world for goods and crops and raw materials of the South. Action must be taken to see that Southern ports can handle the increased trade. Highway maintenance alone will become a major drain on each state's revenue.

Low levels of educational achievement and low per capita education expenditures will remain a problem in the face of increasing demands for better schools and a better trained labor force.

Related is the plight of many adult blacks in the South who are undereducated. The poverty rate for black families in the South in 1978 was 34.1 percent, compared with 10.2 percent for white ones. Blacks and other minorities constitute a significant underutilized human resource. Development and employment of this vital resource during the 1980's can avoid serious social and economic problems later on.

Another problem will be that of the increasing numbers of refugees and foreign immigrants in the South. A first wave from Indochina across the South (91,000 out of 400,000 in the U.S.) is expected to be followed by more. Surges of Cuban and Haitian refugees have poured into south Florida, the number not known. Nor is the number of illegal Mexican immigrants in Texas known. Many more immigrants are expected in the 1980's from unstable countries in Central and South America. Compassion for the plight of the immigrants and efforts to make them economically independent must somehow be balanced against the needs of those Southerners who are desperately poor.

Growth in the South during the 1980's will, of course, require expanded capital, pointing up the fact that the banking system in much of the region is still not fully developed. A Task Force paper points out that between 1972 and 1978, the value of deposits and loans increased faster than the national average in every Southern state but Georgia, North Carolina and Virginia. Yet the South remains a net importer of capital.

This is not necessarily a disadvantage, the paper suggests. Capital can and does flow across state and regional boundaries. A greater problem in the South may be lack of institutional expertise in matching capital supplies to the most efficient ap-

BEST COPY AVAILABLE

plication. Reform of banking laws to allow branch banks in Southern states that prohibit them could help alleviate this problem.

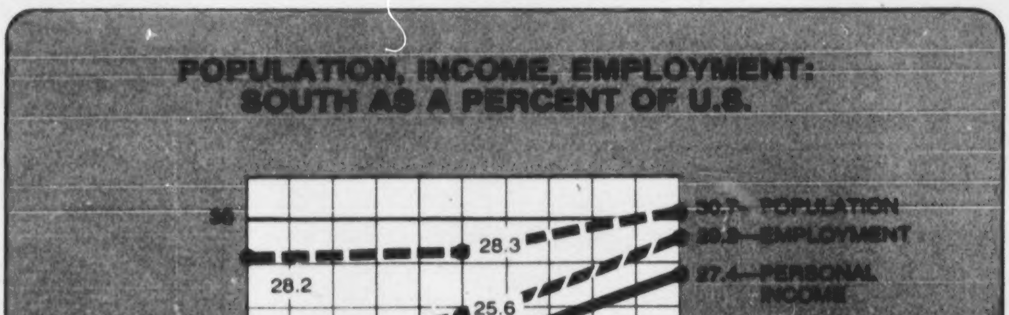
Change in federal laws to allow interstate banking seems likely during the 1980's. The region's banks need to prepare for this eventuality to protect their competitive situation and at the same time assure a supply of money for expansion of trade and industry.

One of the greatest avenues for growth in the 1980's is foreign trade and development of foreign industries in the South. In every state, active recruitment of such trade and industry has increased in recent years and is expected to continue. Demands of protectionists for increased tariffs and import quotas could damage this potential for growth in the South. Regional political efforts will likely be needed to counter such demands.

Southern states are, finally, faced with the need to continue to attract new industry at a time when their tax, wage and cost of living advantages have decreased. During the 1980's, they will have to find ways to maintain fiscal balance while also responding to the needs of a growing population and industrial expansion.

There is also a need to assure that the growth of the public sector will be commensurate with, but not greater than, the growth in the private sector. The Northeast and Midwest have allowed their public sectors to become overdeveloped relative to financial capacity. Balanced growth of the public and private sectors has the psychological effect of promoting the business climate.

Recommendations of the Task Force on the Southern Economy address the need for balanced growth and a range of other problems and questions. Overall, the recommendations follow the Task Force goals set forth in April 1980, when it was formed, "of evaluating possibilities for: 1) increasing the average per capita income level in the South to a level comparable to other regions; 2) raising the general skill level of the work force to ensure that the South can compete in the world market; and 3) maintaining rates of economic growth at levels which will sustain the population." The Task Force found all three possibilities guardedly good, and its recommendations can enhance the region's economic prospects in the eighties. ☐



RECOMMENDATIONS OF THE TASK FORCE ON THE SOUTHERN ECONOMY

I. Capital Needs

1. To assist the Southern region in attracting and retaining financial capital for business, agricultural, and housing development, all state-imposed interest ceilings should be lifted.

2. State banking laws should be amended to permit statewide branching of commercial banks, savings institutions, and credit unions.

3. As a precursor to interstate banking, the Southern states should develop reciprocal banking agreements within the region as permitted under current federal law with an eye toward the eventual development of regional, multibank holding companies.

II. Human Capital Problems

1. The primary objective of elementary and secondary education in the South should be the imparting of functional literacy to Southern children. No child should be granted a high school diploma unless (s)he has demonstrated the ability to read, write, and reason. Remedial education should be made available to those persons who are currently in the work force but wish to improve their basic skills.

2. Special attention must be paid to broadening the curriculum and improving the quality of public schools in the rural South, since education offers the best hope for reducing poverty, unemployment, and underemployment in these communities.

3. By 1990, per pupil expenditure for elementary and secondary education in each of the Southern states should be at a level at least comparable to the national average.

4. Improved vocational-technical options should be available for students who do not wish to pursue academic careers.

5. Because of the growing technological sophistication of the South's industrial structure, instruction in mathematics, science, and economics should be allocated additional resources.

6. The universities of the South should be encouraged to form regional consortia for the purpose of broadening curricula offerings and for facilitating the dissemination of research results that may have practical applications of regional importance.

III. Energy

1. Federal price controls on oil and natural gas should be lifted as currently scheduled with no extensions.

2. The Powerplant and Industrial Fuel Use Act of 1978 should be amended to permit utilities and industries to continue to burn natural gas and oil as boiler fuels throughout the useful life of the facility.

3. The Southern states should oppose any federal efforts to pre-empt or limit the ability of separate states to levy reasonable taxes on energy production.

4. To encourage the use of eastern coal and lignite as boiler fuels, no Southern state should impose air quality standards more stringent than existing federal standards; and no new air quality emissions limits should be promulgated by the EPA.

5. The fast-breeder nuclear reactor program should be reconstituted.

6. Because the South is the nation's major energy-consuming region, encouragement should be given to the development of coal, gas, oil, lignite, wood, solar and other energy resources. However, such development should be tempered with reasonable concern for the preservation of environmental quality.

7. The development of a coal slurry pipeline to deliver Appalachian coal to users in the Southeast should be encouraged, and the Southern states should press Congress to pass the required eminent domain legislation.

IV. State-Local Economic Development Policy

1. Industrial development incentives should be used sparingly and judiciously. In particular, industrial revenue bonds should be limited to investments that are truly of an "industrial," not "commercial," nature.

2. Most Southern states have several state-level agencies concerned directly or indirectly with economic development. Often, these agencies are working at cross-purposes. To ensure coherent and efficacious growth strategies, each state should adopt measures to promote coordination and cooperation among these agencies.

3. If Southern states enact tax and spending limitations, these limits should be flexible enough to enable government to increase essential outlays at least in proportion to the state's rate of economic growth.

4. As a complement to efforts to attract new industries, state economic development strategies should give more emphasis to the expansion of existing firms and the nurturing of small businesses since a significant portion of new jobs come from these sources.

5. To help attack poverty, employment, and underemployment, state development officials should try to create an environment conducive to the siting of labor-intensive manufacturing in those parts of the rural South that to date have been bypassed by industrial growth.

V. **Foreign Trade and Investment**

1. The Southern states, individually and collectively, should recognize the potential contribution of foreign trade and investment to the region's economic development and should take into consideration long-term export potential when encouraging the expansion of existing industry for the attraction of new industry.

2. State industrial development departments should cooperate with industry and the federal government to help identify export opportunities for small businesses in the South.

3. Regional cooperation, perhaps in the form of an interstate compact, should be encouraged for the purpose of promoting the South's agricultural and industrial exports and for identifying investment opportunities in the Southern region. Alternatively, the Southern Growth Policies Board could assume these functions.

4. Because the Southern region will require substantial sums of capital for continued growth during the 1980's, foreign investors should be treated as equals with domestic investors with regard to tax incentives, foreign trade zones, and other industrial development programs.

5. Because of the growing importance of foreign trade and investment to the Southern economy, the region's business and political leaders should work for the further reduction of commercial barriers among nations and should express their concern with the protectionist tide that has surfaced domestically in recent years.

6. Trade embargoes, especially those imposed on food and raw materials, are not effective tools of foreign policy and should be used sparingly.

7. The Southern states, individually and collectively, should allocate additional resources for the purpose of promoting tourism from abroad.

VI. **Transportation**

1. The Southern states should press for the completion of the interstate highway system and a future earmarking of federal gasoline taxes for repair and maintenance of the system.

2. Federal mass transit programs should be flexible enough to accommodate the needs of low-density Southern cities as well as high-density Northern cities.

3. Federal funds should be provided for the completion of the Tennessee-Tombigbee waterway.

4. State highway programs should pay special attention to the transportation needs of rural communities since access to labor and markets will be the key to development of these areas.

5. Federal and state support for port development and expansion should be pursued vigorously during the next decade.

6. The Southern states should consider shifting to *ad valorem* gasoline taxes as a means of maintaining revenues for highway construction and repair.

VII. **Reindustrialization**

1. Southern leaders should support federal initiatives designed to spur exports, to reform the regulatory climate, and to promote technological innovation, as these industrial policies will be beneficial to the South and the nation.

2. Southern leaders should oppose industrial policies designed to aid specific places or industries because these types of programs run the danger of subsidizing inefficiency while penalizing more productive sectors of the economy.

3. Proposals to restrict the ability of industry to relocate, to impose legislative restraints on the exercise of workers' rights, and to impose restrictive energy and environmental policies on underdeveloped areas should be challenged since they could have detrimental long-term effects on Southern economic development.

4. Though most of the South's employment growth during the 1980's will occur in the service sector, ample opportunities remain for industrial expansion and diversification. Thus, the Southern states should continue to emphasize manufacturing development as the centerpiece of their growth strategy.

5. Federal minimum-wage and wage-and-hour laws should be amended to encourage the hiring of teenagers and part-time workers.

VIII. **Agriculture, Natural Resources, and Rural Development**

1. Federal community and economic development programs such as those administered by the Economic Development Administration (EDA), Farmers Home Administration, the Tennessee Valley Authority, and the Appalachian Regional Commission have played a vital role in facilitating rural economic development in the South. In the future, these programs should continue to emphasize balanced growth through grants and loans for both urban and rural community and economic development.

2. Economic development policies and programs for the rural South should focus on the creation of higher wage jobs in the private sector through programs to attract higher wage manufacturing firms and associated jobs in trade, services, transportation and construction, and, in the public sector, through the location of public facilities.

3. The full potential for rural economic development in the South will not be achieved without a prosperous agricultural sector. The Southern states should give agricultural development programs a high priority in formulating strategies for economic development in the rural South. Southern agricultural exports should be vigorously promoted through regional cooperation. The feasibility of creating cooperative regional export development associations should be explored by the Southern states.

4. The Southern states should financially support the establishment of agricultural research and demonstration programs to increase agricultural productivity and to assist small farms to become financially self-sufficient.

5. The federal estate tax should be reformed to strengthen the stability of the family farm.

6. The Southern states should closely examine forest land and estate taxation to identify any disincentive to private landowners' willingness to invest in forestry. In particular, state and local *ad valorem* tax laws should be adjusted to encourage private, long-term investment in privately owned Southern woodlands.

7. With timber production on the increase in the South, state and local governments need to institute programs to carefully monitor timber production companies and small woodlot owners to ensure environmentally sound forestry practices.

8. The Southern states and the federal government should support improved programs to educate and motivate private woodlands' owners and the public on the benefits of and need for improved forest productivity. To accomplish this objective, statewide and local landowner committees should be supported to share information on forest management and encourage implementation of state programs.

9. Water resource development programs are essential to continued economic development in many parts of the South. The Southern states and the federal government should continue to support multi-purpose water resource development projects that can provide such benefits as hydroelectric power, water supplies for municipalities and agriculture, flood control, low-cost transportation and recreation and tourism. □

BEST COPY AVAILABLE

THE TASK FORCE ON SOUTHERN CITIES

CHAIRMAN

The Honorable Joseph P. Riley, Jr.
Mayor of Charleston
Charleston, South Carolina

PROJECT DIRECTOR

Ms. Patricia J. Dusenbury
Associate Director for Urban Affairs
Southern Growth Policies Board

MEMBERS

Mr. John Watkins
Executive Director
Alabama League of Municipalities
Montgomery, Alabama

Mr. B. J. McCoy
Director
Arkansas Dept. of Social Services
Little Rock, Arkansas

Mr. Raymond C. Sittig
Executive Director
Florida League of Cities
Tallahassee, Florida

Mr. W. Elmer George
Executive Director
Georgia Municipal Association
Atlanta, Georgia

Representative Grace Hamilton
Atlanta, Georiga

Mr. Wilburn Pratt
Commissioner
Kentucky Dept. for Local Government
Frankfort, Kentucky

Mr. Brace Godfrey
Assistant Director
Louisiana State Planning Office
Baton Rouge, Louisiana

The Honorable Ernest N. Morial
Mayor of New Orleans
New Orleans, Louisiana

Dr. Patricia Florestano
Director
Maryland Technical Advisory Service
College Park, Maryland

The Honorable Unita Blackwell
Mayor of Mayersville
Mayersville, Mississippi

Mr. S. Leigh Wilson
Executive Director
North Carolina League of Municipalities
Raleigh, North Carolina

Dr. Theodore R. Speigner
Professor Emeritus
Department of Geography
North Carolina Central University
Durham, North Carolina

Mr. Donald C. Rider
Executive Director
Oklahoma Municipal League
Oklahoma City, Oklahoma

The Honorable Connie S. DeCamps
Mayor of Johnsonville
Johnsonville, South Carolina

Mr. J. McDonald Wray
Executive Director
Municipal Association of South Carolina
Columbia, South Carolina

Mr. Michael Amyx
Executive Director
Virginia Municipal League
Richmond, Virginia

Mrs. Betty Dean
Executive Director
West Virginia Municipal Association
Charleston, West Virginia

Note: Titles of task force members are listed according to the positions held at the time of their appointment.

THE FUTURE OF SOUTHERN CITIES

The unprecedented economic growth that came to the South during the 1960's and 1970's brought forth a burgeoning of the region's cities. The obvious contrast with the Northeast and Midwest, where many cities were losing industry and population during the decade, made the Southern experience seem even more successful.

Cities, large and small, got the lion's share of the new people and jobs coming into the region. They were the nucleus of the economic development which was transforming the South. Even most of the older big cities, unlike many of their counterparts in other regions, shared in the new vitality.

Nowhere was revitalization of these cities more evident than in the ferment within virtually every one of them in art and culture and restoration. Whether it be the conversion of old cotton markets into condominiums in Memphis, the splendid Spoleto Festival in Charleston, the restoration of Colonial-era buildings in Alexandria, the rise of ballet in Jackson, the restoration of inner-city neighborhoods in Atlanta, or the promotion of New Orleans as site of the 1984 World's Fair, there was everywere an energy of creativeness augmenting the economic success.

But success is a relative matter. In comparison to the South's past and to cities in the old industrial belt of America, things do look good for the region's cities. But problems, including economic ones, remain; and possible difficulties loom in the future. Because the South, which has become more like the rest of the country economically, is following national urban trends as well, the focus of growth has moved from large cities to suburban and nonmetropolitan areas.

The Commission on the Future of the South's Task Force on Cities looked at conditions in Southern cities from two different but related perspectives, economic and political. An examination of their findings suggests the dimensions and limits of success in Southern cities, and the challenges they face in the eighties.

The perspective on the economic role of Southern cities looks at the region's trade and manufacturing centers and their surroundings, which together make up Southern metropolitan areas. The metropolitan area includes the central city and suburban areas where a large portion of the people commute to jobs in that city. Each of the South's 103 metropolitan areas has its own local economy that is also part of the regional economy.

An analysis of economic trends in Southern metropolitan areas found that job growth in Southern metropolitan areas between 1967 and 1977 was at a rate almost double that in metropolitan areas in the rest of the nation—22.1 percent compared with 11.5 percent. Services employed the greatest number of people (22.1 percent of total metropolitan area employment) by 1977, followed by government (20.6 percent) and manufacturing (15.7 percent).

One reason for the predominance of government employees has been the large number of Armed Forces personnel in the region, a legacy of the South's past political influence on defense spending. Public administration was the largest employment group in 1969. It actually declined during the intervening years, and this is expected to continue, leaving services and manufacturing as the growth sectors.

Services—business, health, legal, education, tourism, recreation, culture—require an educated work force. Manufacturing has become increasingly sophisticated and is expected to continue. Future growth of these employment categories in the region's cities will leave out the uneducated and, as we have noted in other contexts, their presence remains one of the South's greatest problems and challenges.

The amount of economic growth in individual metropolitan areas has varied tremendously. The general prosperity obscures severe problems in several cities, just as the great economic and population growth in Florida and Texas gives an exaggerated notion of growth in the region as a whole.

An index of economic strength using five measures of levels and trends in income, employment and unemployment indicates economic growth and strength in the majority of the region's metropolitan cities, which compare favorably with cities in the rest of the country. But there remain 35 Southern cities in the economically distressed categories, one-third of all the metropolitan cities of the South. Perhaps ominously, the incidence of distress is (as in the nation as a whole) greatest in large cities, those with more than 150,000 population.

Almost every Southern state contains a metropolitan city that can be classified as "economically distressed," and as the following table shows, the incidence of severe economic distress is roughly the same (20 percent of the cities) in each subregion of the South—South Atlantic, East South Central and West South Central. However, in the East South Central States, the cities' economic performance is among the weakest in the country. It may not be clearly seen as a problem, because

Divisional and State Distribution of Southern Cities By Economic Performance[1]

	Performance Quintiles					Total Cities
	1	2	3	4	5	
SOUTH ATLANTIC	13	5	9	9	8	44
Florida	5	2	4	3	0	14
Georgia	0	0	0	4	2	6
North Carolina	6	1	1	1	0	9
South Carolina	1	0	2	0	1	4
Virginia	1	1	1	1	5	9
West Virginia	0	1	1	0	0	2
EAST SOUTH CENTRAL	0	2	4	6	3	15
Alabama	0	0	1	3	2	6
Kentucky	0	0	2	1	0	3
Mississippi	0	1	0	0	0	1
Tennessee	0	1	1	2	1	5
WEST SOUTH CENTRAL	8	13	8	6	9	44
Arkansas	0	0	3	1	0	4
Louisiana	0	1	0	2	3	6
Oklahoma	3	2	0	0	0	5
Texas	5	10	5	3	6	29
TOTAL CITIES	21	20	21	21	20	103

[1] Cities with best economic performance are in first quintile, and those with poorest performance are in quartile five.

Source: Ledebur.

the economic performance index for the rural areas of those states is even lower. Their urban economic problems reflect conditions in the state as a whole. Clearly, a strategy is needed for improving their lot.

A prescription for state economic policies that will contribute to healthy cities stresses the importance of public-private cooperative ventures, of working with market forces to shape the evolution of the economy to the benefit of Southerners. Likely changes to come in the economies of Southern cities must be considered when designing state urban programs. Among them:

- Rising energy costs which will slow the trend toward decentralization of industry and homes to small rural areas, while suburban development increases, and older cities suffer losses of jobs and population;
- Slow growth in manufacturing, while services continue to expand at a rapid rate;
- A trend toward non-profit firms in health, education and cultural activities and an increase in cooperative and employee stock ownerships will continue;
- Federal, state and local governments increasingly active as partners in private investment projects through grants, loans and loan guarantees;
- Shrinking family size and other factors will see the size of households continue to shrink, encouraging residential development in central cities;
- Public transit systems becoming more important;
- Neighborhood organizations playing a more important role in urban politics and business.

Cities in the South are looking to their state governments for the tools needed to deal with changing economic conditions. For some, this is facing pressures of growth and for others, it is adjusting to decline. An effective state strategy will be one that considers general trends and local conditions, that addresses market barriers to economic progress and that co-ordinates state, local and neighborhood resources.

A state urban strategy must also recognize the city as a political entity. That perspective encompasses a smaller area, one defined by the city limits. Within those boundaries, the local government provides services, collects taxes and performs its duties as a participant in the federal system. The overall health of a city is affected by the placement of the city boundaries within the metropolitan area.

One of the advantages the South had during the previous decade was that its cities were stronger in relation to their suburbs than in the North. A major reason for this has been their ability to annex outlying areas as they begin to build up rather than allowing them to incorporate into separate entities. The fourteen states of the SGPB South reported a total of 1,399 municipal boundary changes between 1970 and 1978. These represent a net area added to municipalities of 5,042 square miles, which contained 1,879,000 people as of the 1970 Census, a low count in most instances because of population growth in the intervening years. Annexations accounted for much of the population growth in Southern cities. (see maps, next page.)

State law controls the ability of cities to annex, and half the Southern states allow their cities to annex an area without requiring permission of the people living there. During the seventies, Kentucky, Mississippi, North Carolina, Oklahoma, Tennessee and Texas allowed unilateral annexation. Alabama, Arkansas, Florida, Georgia, Louisiana, and South Carolina required permission by petition or ballot by those annexed, and Virginia had a moratorium on annexations during most of the 1970's.

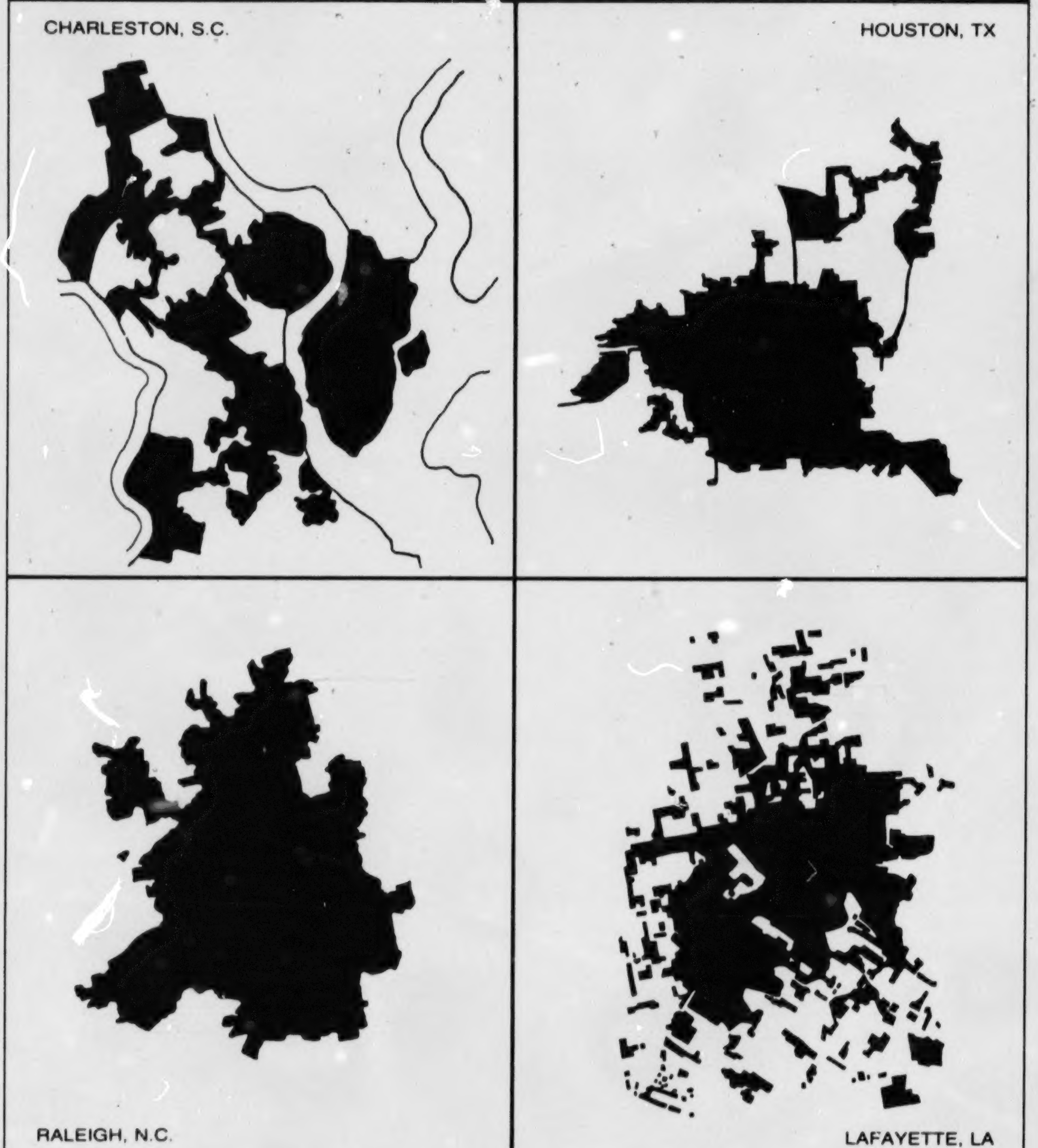
The principle behind annexation is that people who live within a city's trading area and use city services should pay city taxes and participate in decisions regarding city services. Further, the city is able through zoning, planning and other regulations to enforce development standards on the growth in outlying areas.

The concept of unilateral annexation is generally unpopular with property owners susceptible to being annexed because it leads to higher taxes. Abuses of municipal annexation powers have occurred when a city makes a "tax grab"; but the ability to annex unilaterally appears to be an important factor affecting the fiscal health of a city. Moreover, through annexation, the economic, cultural and political community can be kept unified.

The important point would seem to be that most Southern cities still have the opportunity to avoid being locked into decay and bankruptcy by rings of incorporated suburbs around them. The spectre of the financially ruined and nearly ruined city governments of the North inevitably haunts the South. Will it happen here? An assessment of the fiscal outlook for Southern cities addresses the question with guarded optimism.

There are important differences between Southern and Northern cities that have a direct bearing on local government budgeting: (a) State governments, with flexible income taxes and sales taxes, dominate public finance in the South. This is in contrast to city-government domination tied to inflexible property taxes in the North; (b) Southern cities, as a rule, are stronger in relation to their suburbs than in the North. Annexations have added the suburbs to the city, and this makes for a stronger tax base.

CITY BOUNDARIES



CHARLESTON, S.C.

HOUSTON, TX

RALEIGH, N.C.

LAFAYETTE, LA

Boundaries of most southern cities are irregular — some more irregular than others, however. All reflect differences in topography, in historical development patterns, and in state annexation requirements. These maps illustrate the contrast between the development patterns of cities whose annexation laws differ. Haphazard annexation patterns occur where the city does not control the annexation process, and these haphazard patterns impose burdens on the systems which must provide municipal services . . . it is difficult to tell where the city's jurisdiction begins or ends.

Further, Southern states and local governments spend less per capita than in the rest of the country and pay lower public employee wages. They do, surprisingly, employ more workers, though.

Another difference is that Southern cities, though more dependent now than in the past on federal government programs (one-third of their revenue is from this source), are not as dependent as many Northern ones are. The impending federal spending cutbacks will affect them less and can be offset by sound programs of state spending.

Even before the threat of federal aid cuts appeared, it had become very clear to cities in the South and in the rest of the country that federal aid programs have become a mixed blessing. The assistance comes with strings attached in the form of mandates or special requirements.

There are "vertical" mandates that belong to specific programs, and there are "horizontal" mandates that apply across-the-board to the full range of local government actions. Horizontal mandates have been used to further important national objectives, such as civil rights and environmental protection, and they have proven to be very effective. Unfortunately, success has led to overuse and abuse. Especially when they are unrelated to the purpose of the aid program, mandates can distort organization of the progam and cause a lot of problems for the people trying to implement it.

Research on the impacts of mandates on local government has found that local governments participating in grant-in-aid programs could be subjected to 3,500 state mandates and 1,200 federal ones, with an average combined total of at least 1,100. Implementing mandates costs a lot of time and money, most of it to the recipient local government in man-hours; and taxpayers end up paying the bill. The local costs of implementing state and federal mandates can consume the aid that the local government has received.

Perhaps most destructive are the "authority costs" that accompany mandates from a higher level of government. The local government is forced to respond to priorities that do not reflect the wishes of the citizenry, and the local citizen finds he has less and less influence over local policy and decisions. The resulting frustrations have contributed heavily to the antigovernment mood found in the South and elsewhere. For our local government officials this is the most onerous cost of all. The profusion of mandates and intergovernmental programs have led local governments to ask for a clearer definition of their role and responsibility in the federal system.

Awareness of the costs accompanying federal aid along with likely cutbacks by the federal government itself make closer cooperation between cities and their state governments all the more important, and development of specific state urban policies especially so.

As they enter the eighties, Southern cities and states face problems related to the national economy. Economic growth has made them more susceptible to recession. A predicted slowdown in the economy would quickly affect public budgets relying on sales and income taxes.

Then there are homegrown problems ahead. Continued growth means continued expansion of public facilities during a time when federal grants are likely to be diminished and state revenues might be off. The need for better quality (and more expensive) education is evident in every state and most cities. The demand for quality public education is growing among the sophisticated voters of the South's new era of prosperity. And there is ever the question of striking a balance between fiscal responsibility and humane treatment in meeting the needs of the urban poor.

Finally, there will be pressure on the budgets of Southern cities as city employees seek higher wages. Their wages have remained lower than the national average during all the growth of the 1970's. Unionization is spreading among such employees; raises seem inevitable.

For all of this, the realistic expectation in regard to cities is that financial problems will be more severe in the rest of the country than in the South, and that some special form of federal assistance is needed for financially-pressed cities. But Southern cities also are affected by federal programs, and although they are looking first to their states for an urban policy, Southerners want to be full partners in the formulation of any national urban policy.

The recommendations of the Task Force on Southern Cities stem from a concern about cities' ability to function well in the changing federal system. The strength of local general-purpose government depends upon the support of the higher levels of government and the willingness of state government to give cities the powers and funding sources needed to help themselves.

Because the Southern states are heterogeneous, not all findings and recommendations apply equally to all states. Important variations exist between the Southern states in their economic conditions, extent of urbanization, political structure, and urban programs. For that reason, it is important to view these issues in a broad, regional context rather than only as they apply to our home states. The recommendations which follow focus on the role of the city in the intergovernmental system. □

RECOMMENDATIONS OF THE TASK FORCE ON SOUTHERN CITIES

I. State Urban Policies

1. **Finding:** The growth and development patterns that are occurring and are expected to continue in the South result in more people living in or dependent upon cities and towns. The future quality of life in the South depends upon our ability to preserve existing cities and to cope with growth in the urban area. However, the political power or urban interest at the state level does not reflect this, because there has not yet developed a sufficient appreciation in our state legislatures of the importance of cities.

Recommendation: City officials need to work with their Governor to improve their ability to provide urban services and to get the tools needed for this task from the state legislature. The eventual goal and the primary recommendation of the Southern Growth Policies Board Task Force on Southern Cities is a cooperative effort of the state, of cities of all sizes and of those counties provided with urban services to develop a state urban policy, which the participants can work together to implement.

2. **Finding:** State and federal programs designed to encourage the provision of urban services and infrastructure to rural areas too often have served to strengthen special-purpose local government, which is not politically accountable to the electorate, while simultaneously weakening general-purpose local government. Also, as development proceeds, it becomes more cost effective to have one urban government rather than several special-purpose tax districts.

Recommendation: In the interests of accountable and economic local government, state policy should be to support general-purpose local government as service providers for urbanizing areas, rather than facilitating the creation of special taxing districts. Special-purpose districts should be used only when it is not feasible to rely upon general-purpose local governments to provide needed services.

3. **Finding:** Cities must have a sound base of revenue sources that enable them to remain fiscally independent and adaptable to the changing desires of their constituents. State law defines the revenue sources available to local government. An important factor in the fiscal health of Southern cities, relative to Northern cities, is the more elastic tax mix that includes sales and state income taxes and is less reliant on local property taxes.

Recommendation: State law should encourage flexible local revenue systems by allowing local-option sales taxes and user fees and by minimizing the imposition of limits on local taxing ability. Limits on local revenue sources should be offset by state revenue sharing, which can draw upon the more elastic revenue sources (usually income taxes) available to the states.

4. **Finding:** Contradictions are seen in state and federal programs when urban-oriented and rural-oriented agencies appear to be working at cross-purposes. At the federal level, the urban impact analyses undertaken of the various federal programs and agencies, the Community Conservation guidelines, and the A-95 review process combined to help prevent inadvertent harm to cities resulting from federal action.

Recommendation: The process of formulating a state urban policy should include the enactment, at the state level, of safeguards to prevent inadvertent harm to cities resulting from state actions. This state urban impact analysis, to be effective, must include mandatory notification to the affected city at a very early stage.

II. Intergovernmental Relationships

1. **Finding:** Federal and state mandates impose heavy financial and authority costs on local government, costs that may far exceed the benefits gained. In particular, cross-cutting mandates frequently are enacted without careful consideration of their costs to the local governments, which must implement them. By their existence, mandates reduce the ability of local governments to pursue local priorities.

Recommendation: The Task Force on Southern Cities supports the following Advisory Commission on Intergovernmental Relations' (ACIR) recommendations from its report on federal mandates:

a. That every bill or resolution reported in the Congress include an estimate of the cost to be incurred by state and local government in carrying out and complying with such a bill or resolution;

b. That the President be given statutory authority to suspend temporarily implementation of enacted cross-cutting national policy requirements when it becomes clear that serious and unanticipated costs or disruption will otherwise occur; and

c. That legislation be enacted calling for each federal department or agency to prepare and make public a detailed analysis of projected economic and non-economic effects likely to result from any major new role it may propose.

The Task Force also supports: (A) legislation at the state and federal levels addressing the first recommendation by requiring that a fiscal note — an estimate of the costs to the recipient government — accompany legislation mandating state or local government action; and (B) legislation requiring full funding by the issuing government of the costs imposed by most regulations.

2. **Finding:** The local costs of implementing federal and state mandates is most likely to be excessive if the issuing government applies rigid uniform standards with no allowance for varying local conditions.

Recommendation: Requirements and regulations should be goal oriented and contain waiver provisions recognizing alternative means at the local level for attaining the objective of the mandate.

3. **Finding:** The eighties are expected to bring continued budgetary pressure on local governments, especially on older manufacturing centers which provide a wide range of services to their citizens. Unless current economic trends change dramatically, some of these cities will be looking to the federal government for financial help to avoid fiscal collapse. Few if any of these fiscal-crisis cities will be in the South.

Recommendation: Although the severest fiscal strain will be experienced by non-Southern cities, their fate is a matter of concern to Southerners, and people from the South should be involved in the formulation of a national policy that contains specific provisions and conditions for emergency federal aid to cities experiencing a fiscal crisis.

4. **Finding:** Local government's ability to pursue local priorities is affected by the availability of federal funds for specific activities. Occasionally the city undertakes an activity because outside funding is available, but once the program is in place, that aid may be phased-out. It is politically difficult to discontinue an ongoing program, and so the city may be required to use general funds for a service or program it initiated without requiring use of local funds. Similarly, facilities constructed with grant-in-aid funds are normally operated and maintained with local revenues.

Recommendation: The state and federal power to usurp local priorities should be used with restraint, and to that end, categorical grants should be replaced with block grants wherever feasible.

The Task Force applauds local officials who carefully consider the long-range consequences of accepting grant-in-aid funds for programs and capital expenditures which would require eventual local expenditure. Thoughtful decisions are made easier if the local residents are made aware that the burden may eventually rest on their shoulders.

5. **Finding:** In most cases where states have created a State Advisory Commission on Intergovernmental Relations or a similar state-local body, they have proven to be successful and beneficial.

Recommendation: States should consider the feasibility of creating an Advisory Commission on Intergovernmental Relations or similar organization in their state.

6. **Finding:** City-county conflict, which often results from overlapping or competing service provision responsibilities, weakens the ability of both to serve their constituents efficiently and to deal with higher levels of government.

Recommendation: State governors and municipal associates should take a lead role in the educational efforts needed to gain political support for our urban centers and a recognition of the common interests of general-purpose local governments.

III. Economic Development Policy

1. **Finding:** A strong urban economy rests on a diversified base. Small, existing businesses are a source of economic vitality, cities serve an incubator function for new businesses, and large employers are a dependable source of jobs. Foreign and non-southern American investment is needed in the South to bring in capital, jobs and a more rapid economic development via imported technology. Economic development programs require more extensive resources than are available at the local level.

Recommendation: The state urban policy should include an economic development component that contains the variety of programs needed to both support native entrepreneurs and attract outside investment. This economic development component would include state laws that provide equitable tax systems. Economic development incentives (among the possible tools are tax increment financing, tax credits, tax-free bonds, enterprise zones) should be encouraged to stimulate economic growth inside cities. Economic incentives should be based upon state and federal programs and minimize the abatement of local property taxes.

Since public-private cooperation has contributed substantially to the economic growth and development of the South, state and local governments in the South should maintain their positive relationships with private enterprise.

2. **Finding:** Tax-exempt industrial revenue bonds are a valuable tool for encouraging economic development in cities. However, some abuses and contradictions have been reported. Financing fringe area commercial development competes with downtown areas and is an example of an unneeded, counterproductive subsidy.

Recommendation: Tax-exempt revenue bonds should not be used to subsidize commercial development that contributes to urban sprawl or the decline of established cities. The Southern states should act in concert to regulate the use of industrial revenue bonds, limiting their use to the original purpose, to enable local governments to borrow money to encourage industrial development. It should be noted that because the states have not acted on their own to remedy the problem, the federal government is considering corrective legislation. States should try to participate in this process.

IV. Planning and Growth Policy

1. **Finding:** In the South there is widespread political support for the concept of private property and the individual's right to use his property as he wishes. Also, there is a strong love for the land, pleasure in its beauty, and a desire to preserve its conditions. In a growth period, these values are often in conflict.

Recommendation: The region's land resources must be both conserved and used for the benefit of the people, thus they must be used wisely. Statewide land-use policies, exemplified by the North Carolina balanced growth policy, should be included as part of the growth policy element of each state's urban policy, along with legislation providing for locally-enforced land-use controls.

2. **Finding:** The futures of the city and countryside are intertwined. Movement of population from city to countryside imposes financial and social costs on both areas. The city's tax base declines, and the poor are left behind to finance expanding capital facilities that are used by all citizens of the area. Meanwhile, exurban development affects rural tax rates and property values, which puts pressure on the profitability of agriculture. In social terms, cities lose a disproportionate number of their better-educated and affluent citizens, while conflicting uses are introduced in rural areas; for example, parents protest that children in a rural subdivision must be kept indoors while a nearby farmer sprays his cotton fields with an insecticide.

Recommendation: Government should stop subsidizing the movement of people from city to countryside and allow the financial costs of urban outmigration to fall most heavily on those who choose to relocate. Urban outmigration should not be subsidized by the federal and state governments through programs providing grants, low-interest loans or loan guarantees for development in fringe areas. Perhaps more important, such development should not be subsidized by state and local government through less restrictive development controls in rural areas. Uniformity of subdivision regulations between city and county would reduce the incentive for leap-frog development. At the same time, city officials should provide a swift and orderly review process for proposed development within the municipality.

3. **Finding:** Planning for growth is done most often at the local level. That planning, which is done primarily by municipal governments, holds the key to sound urban growth.

Recommendation: Municipal officials should seek to awaken the urban citizen to his stake in the city in which he lives.

Municipal governments should be given extraterritorial planning jurisdiction over development in unincorporated areas adjacent to the city limits or the ability to annex an area prior to development.

The states should provide incentives for cooperative city-county planning and specifically should authorize such cooperative planning through state legislation.

4. **Finding:** Future growth in the South is expected to be especially rapid in small cities and towns. These cities are affected by the same trends — declining use of the central business district, dependence upon property taxes for revenues — as larger cities but may have more problems dealing with changes. Usually, a small city has less influence in the state political system and lacks in-house specialized expertise, especially in financial matters. To overcome this, several Southern states have established a variety of technical assistance programs for small cities.

Recommendation: The growth policy element of the state urban policy should include planning and technical assistance for small cities to enhance their capacity to cope with growth and other population changes. A coordinated state program would avoid waste and duplication of effort.

V. Annexation Policy

1. **Finding:** Southern cities depend upon annexation for much of their growth. Annexation

allows cities to share the benefits of development on the urban fringe and, at the same time, prevents the development of segregated metropolitan areas containing numerous cities divided along the lines of income, race, and age of the residents. Cities must be able to expand their boundaries so that the cultural, historic, economic and political community are all one.

The primary factor determining the amount and type of municipal annexation activity is the state annexation law. The fiscal strength and stability of many of our Southern cities has been the result of liberal annexation laws in those states.

Recommendation: Southern state annexation laws should recognize that the best justification for annexation is the reason that cities are incorporated in the first place. Cities should be allowed to annex contiguous and developing areas that meet legislative-set standards. The laws should protect residents of these areas by requiring cities either to provide services immediately to newly-annexed areas or where legal, to phase-in property taxes only as services are provided.

2. **Finding:** Although of paramount importance to orderly growth and economic development, annexation is not the single answer for providing urban services to areas of urban development. Annexation and consolidation are alternatives for dealing with urban development. Individual factors at the local level determine which alternative is preferable for a particular municipality. The viability of either alternative often is affected by the type of development occurring outside the municipal boundaries.

Recommendation: The state urban policy should include laws that enable cities to: (1) control the type and quality of development outside their boundaries; that is, extraterritorial planning jurisdiction; (2) prevent incorporation of development on the urban fringe into a separate municipality; (3) discourage the development of special-purpose districts where general-purpose government can provide the needed services; (4) annex an area when it is developed to a specified degree of urbanness; (5) enter into cooperative agreements for service provision with other local governments when development makes them contiguous; and (6) provide means for the consolidation of local governments where this is appropriate.

3. **Finding:** Some cities are unable to annex because they are surrounded by separate incorporated jurisdictions. These cities are unable to share the benefits of growth in their metropolitan area but still must bear the costs attendant to the use of city facilities by non-residents, many of whom work in the city.

Recommendation: In the absence of annexation opportunities, alternative revenue systems should be put in place to provide a measure of relief. This can be accomplished with increased financial aid from a state revenue sharing program as in Virginia, tax-base sharing as in Minneapolis-St. Paul, local option sales tax, etc. The state should enable an alternative revenue system that allows non-resident users of city services to contribute to the costs of those services.

4. **Finding:** Several Southern cities report that their greatest impediment to annexation is the Justice Department's interpretation of Title V of the Voting Rights Act of 1965, which requires Justice Department approval for any local action affecting voting, including annexation. If the percent minority population in an annexed area is not the same as in the original city, that can be the basis for a complaint against the city. The Justice Department has used the occasion of such complaints to force Southern cities to change from at-large to district representation and required the design of racially-identifiable districts. A recent U.S. Supreme Court decision upheld the legality of at-large representation in cities (City of Mobile vs. Bolden, April 22, 1980) but a different standard is applied by the Justice Department. This fact combined with the natural reluctance of officials to have their city redistricted via directives from Washington has, for some cities, inhibited annexation. Even when Justice Department approval is granted with no strings, the delay in securing approval causes problems for the annexing city.

Recommendation: As part of their urban policies, Southern states should work with the Justice Department to find ways of protecting the political strength of minority voters without restricting local government options for dealing with urban growth trends. Minority groups should be included in local government planning and decisions regarding boundary changes to prevent misunderstanding or distrust from surfacing when those changes are implemented.

At the same time, the Justice Department should be encouraged, perhaps through the federal urban impact analysis procedure, to expedite the process.

VI. **Energy Policy**

1. **Finding:** The current energy situation affects cities as it does all consumers. Concerns are being expressed about the relative costs of different types of development and transportation modes. It is up to cities to participate actively in energy conservation efforts — as energy consumers, through regulatory functions, and as participants in formulating a state energy plan.

Recommendation: The state urban policy should include an energy component; this is being addressed by the Energy Task Force of the Commission on the Future of the South, but the Task Force on Southern Cities also has some specific suggestions.

Cities should encourage energy conservation in their own activities. Possible means include improved fleet management, making city structures more energy efficient, using garbage disposal burning systems to generate energy, and facilitating car-pools.

Local land control regulations should be modified to encourage energy efficiency; for example, allow builders to take advantage of solar heat, institute solar easements to prevent construction or plantings that would shade solar collectors, review subdivision regulations to eliminate excessive street requirements, and re-evaluate other infrastructure and design requirements in the context of today's conditions.

All levels of government, when constructing new facilities, should take the opportunity to incorporate new technology for energy-efficient design whenever possible. This would lower operating costs and provide a public showcase for new technology.

Local governments should work with the state to construct a state energy plan.

Commission Response to Task Force Recommendations

The Commission on the Future of the South has accepted the final report of the Task Force on Southern Cities and generally agrees that implementation of its recommendations would help Southern cities and thus the region. Commission members believe that the Task Force recommendations can be achieved without an increase in state taxes. The primary local response to financial pressure should not be to shift financial responsibility for local government operations to a higher level of government.

Several of the findings deal with problems aggravated by a lack of local government cooperation. Clearly, the greater political unity of metropolitan and smaller urban areas in the South has contributed to the relatively strong position of Southern cities. Local governments operate most efficiently when the economic, cultural, historic and political community are all one. That encourages local pride and citizen identification of interest with the city.

Local pride and citizen participation are strengthened by a strong identification with the city and the neighborhood. A city or an entire urban area is only as strong as is its neighborhoods. Urban programs must recognize the neighborhood concept of a commuity and encourage the continued vitality of the neighborhood movement both in the urban areas of the South and in the suburban areas of the South.

Although new growth is most likely on the edges of cities, politically unified metropolitan areas can be achieved — and the jurisdictional fragmentation that has caused serious problems in Northern cities avoided—through consolidation of cities or of city and county, or annexation, or another technique more conducive to specific local conditions. Cities prefer annexation, but it is not always the best technique. Although there are political obstacles to changes in the laws of those states that do not allow unilateral annexation, the Commission on the Future of the South recommends that those state legislatures seriously consider giving that power to their cities. Similarly, state legislation should facilitate city-county consolidation.

Metropolitan areas that cross state boundaries face special problems. Where cities in the South border on other states — cities such as Louisville, Kentucky, and Memphis, Tennessee — the various states should seek assistance from the national government in Washington to create interstate vehicles for cooperative agreements to deal with areawide problems in metropolitan areas which transcend not only country boundary lines, but state boundary lines.

City-county cooperation is especially important for growth policies and development controls, because they usually are implemented at the local level. The need for city-county cooperative planning is acute in non-metropolitan areas with high growth rates. Careful planning and a sensitivity to local conditions are required to provide necessary support to rural areas while avoiding governmental actions that encourage leap-frogging or other undesirable development patterns.

Industrial revenue bonds have provided financing for development, in both cities and unincorporated areas, that has contributed to the economic progress of the region. The Commission on the Future of the South endorses their continued use for their original purpose, to provide local governments with a funding mechanism to encourage industrial development. ☐

BEST COPY AVAILABLE

THE TASK FORCE ON ENERGY IN THE SOUTH

CHAIRMAN

Mr. Sam Hammons
Director, Oklahoma Department of Energy
Oklahoma City, Oklahoma

VICE CHAIRMAN

Mr. Jim Burwell
South Carolina Electric & Gas
Charleston, South Carolina

PROJECT DIRECTOR

Mr. Arthur J. Wacaster
Director of Intergovernmental Programs
Southern States Energy Board
Atlanta, Georgia

MEMBERS

The Honorable Johnny Ford
Mayor of Tuskeegee
Tuskeegee, Alabama

The Honorable Knox Nelson
Arkansas State Senator
Pine Bluff, Arkansas

Mr. Tracy Danese
Vice President
Florida Power & Light
Miami, Florida

Mr. Robert Kerr
Executive Director
The Georgia Conservancy
Atlanta, Georgia

The Honorable Donald J. Blandford
Kentucky State Representative
Philpot, Kentucky

Mr. Wilbur Ball
Director
Mississippi Dept. of Energy and Transportation
Jackson, Mississippi

Mr. Robert Koger
Utilities Commission
North Carolina Dept. of Commerce
Raleigh, North Carolina

Mr. Eduardo Lopez Ballori
Director
Puerto Rico Office of Energy
Santurce, Puerto Rico

Mr. Lee Munz
Executive Director
Tennessee Energy Authority
Nashville, Tennessee

Dr. Milton Holloway
Executive Director
Texas Energy and Natural Resources
Advisory Council
Austin, Texas

Mr. George L. Jones
Coordinator
Virginia Office of Emergency Energy
and Service
Richmond, Virginia

Mr. James Maddy
Assistant to the Director
Office of Economic and Community
Development
Charleston, West Virginia

Note: Titles of task force members are listed according to the positions held at the time of their appointment.

THE FUTURE OF ENERGY IN THE SOUTH

The South is the nation's leading producer of oil, natural gas, and coal and leads the nation in the amount of nuclear-generated electricity. Therefore, it has a more than ordinary interest in shortages in energy sources and in regulation and price-control of them.

The South, with its recent expansion of industry, is ahead of the rest of the nation in the production of nuclear-generated electricity. In 1980, it produced almost 40 percent of the national total and 20 percent of its own electrical needs. There are 23 reactors operating in eight of the region's states. And there are 44 construction permits or limited operating licenses for more plants. (Nationally, nuclear plants generate about 13 percent of total electricity. Generating capacity grew by about 20 percent per year from 1975 through 1979.)

But public concern arising out of the nuclear accident at Three Mile Island will likely slow up or cause cancellation of some of the projected construction. Immediately after the accident, in April, 1979, public acceptance of nuclear power fell to an all-time low of 47 percent. It has since rebounded to a small majority. With oil and natural gas no longer readily available for generation of electricity, the only alternative fuel source for meeting increased demand for it are coal and uranium. But increased production of coal sufficient to meet the three percent annual growth in the nation's need for electricity may not be feasible due to current physical and regulatory constraints. So, though at a perhaps slower rate of development, the South's future seems inevitably intertwined with coal and nuclear energy.

Studies of the likelihood of nuclear accidents before and since the Three Mile Island incident remain inconclusive or unpersuading to the public. More needs to be known on the subject.

In the aftermath of Three Mile Island, a Federal Emergency Management Agency (FEMA) was formed. It and the Nuclear Regulatory Commission (NRC) are preparing criteria for use by state and local governments for drawing up and carrying out adequate plans.

Delay by the NRC in the licensing of nuclear plants is among regulatory problems the industry faces. Likewise is the failure of the federal government to develop a cohesive policy on disposal of nuclear waste.

The storage of nuclear waste is a national problem that impinges strongly on the South. On-site storage of high-level nuclear waste at reactors must end soon because space is running out. The Department of Energy is currently studying eleven possible sites for a permanent geological disposal area to be built by 1995. Eight of the sites are in the South. A Senate bill not yet passed, calling for a temporary storage area, addresses the question of whether a state might veto location of a disposal area within its borders. Such a veto would stand if either the House or Senate voted to uphold it, the legislation states. Should such a site be located in the South, there would be a need for improved plans for the safe transportation of the waste.

For the storage of low-level waste, there are currently only three sites in operation in the United States. Three others in the eastern part of the country are closed down because of leakage, leaving one at Barnwell, S.C., as the only one in the East. It receives 80 percent of the total volume of low-level waste shipped in the United States. The site is quickly filling to capacity. Industrial users of radioactive material and the practice of nuclear medicine are threatened by the shortage of space. Efforts are underway to set up a regional compact whereby one or more of the Southern states would provide a storage area to others for fees.

Uranium to fuel nuclear plants is not in short supply. Enough (1.84 million tons) to support over their lifetimes 340 plants, the number expected to be in operation by 1990 nationally, is readily available; and there is much more that is more difficult to extract. A fast breeder reactor now under development would be able to make use of 70 percent of natural uranium, compared with 0.5 percent by light water reactors now in use.

Nationally, growth in the demand for electricity has dropped from 6.85 percent from 1960 to 1973 to 3.1 percent from 1973 to 1980. In the next ten years the rate of increase may go as low as 2.5 or 1.9 percent.

A major reason for the decrease is the rising cost of conventional fuels used to generate electricity. Homeowners are using insulation and other devices to cut back on consumption; industry is building energy-efficient plants. Elimination of price controls on electric rates would further encourage such conservation.

But the rise in electric rates and in the price of other sources of heat pose a terrible problem for the nation's poor. They were spending 18 percent of their annual income on energy in 1978 and 21 to 30 percent in 1980.

In many parts of the South, air-conditioning during the summer is as important to health as heat during the winter. During the summer of 1980 when heat waves took a high toll of human life, emergency assistance to the poor was not effectively forthcoming.

Federal assistance on heating costs has mainly gone to people receiving public assistance, leaving out 50 to 60 percent of persons estimated to need some sort of help. Energy is as much a necessity as food and shelter. Some way needs to be found to provide it for all the poor. Ways need to be found, too, to tie energy assistance to weatherization of homes and to other conservation measures.

The South, as a major oil producing region, is responsible for 60 percent of the domestic supply of that source of energy. Maturing of oil fields in the region could see that figure drop to 57 percent by 1985.

Phased decontrol of oil prices has resulted in increased drilling activity and this, along with new oil from frontier areas, enhanced recovery production methods and development of synthetic oils from coal and shale, should see overall domestic production be at its present level in 1985 — which is 60 percent of national consumption.

During the 1980's the historical upward trend in U.S. oil consumption will be halted. Demand will remain fairly constant. Auto fuel efficiency developments will help achieve this; more than half of the petroleum needs of the country are for transportation. Replacement of oil by coal and other alternative sources will also contribute.

But the nation will remain dependent on foreign sources for 40 percent of its oil supply. Most of this comes from the Arab nations that are all members of the Organization of Petroleum Exporting Countries (OPEC). During the 1970's, they have, of course, proved unstable but capable of using oil as a political and economic weapon. The major energy goal for the nation must be to reduce drastically our dependence on OPEC oil. This won't be accomplished in the 1980's, but policies established during this decade will be crucial to reaching such independence in the 1990's.

A barrier to greater production of domestic oil during the 1980's is the Crude Oil Windfall Profits Act of 1980 (WPT). The tax is coupled with phased decontrol of the price of domestic oil. A conservative estimate of the amount it will bring into government coffers during the 1980's is $586 billion. Only 15 percent of the revenue is earmarked for energy development and mass transit. The rest will go for low income assistance and tax cuts.

Aimed at perceived excess profits of large oil companies, the WPT hurts independent oil producers and royalty owners. The independents are taxed at a lower rate than integrated oil companies, but they have no way of passing any of the tax on, as integrated companies do. Independents in the past have been responsible for 90 percent of oil exploration. Royalty owners are taxed at the same rate as the integrated oil companies and likewise cannot pass on its impact.

The WPT sets up tax credits for development of alternate energy sources. And oil produced from risky exploration, such as in the Arctic region, is exempted from the tax.

But gains in oil reserves from these provisions will likely be offset by the effect of the imposition of the tax on stripper oil wells, by far the most serious ramification of the act. Stripper wells are ones which have reached a point of producing less than ten barrels a day. They account for more than 70 percent of the producing wells in the country, and virtually all wells become strippers toward the end of their producing lives.

Owners of stripper wells are expected to plug them (and indeed have begun to do so) because the tax makes them economically unfeasible. The extremely expensive equipment can be moved to more productive land. Once a well is plugged, the oil below it is lost forever because of the expense of redrilling.

The immediate forecast is for the loss of approximately 131,480 barrels of oil per day because of the plugging of more than 13,140 stripper wells and abandonment of 10,370 wells before they become strippers. Value of reserve oil lost is estimated at $637 million.

The American Petroleum Institute has estimated that by the mid-1980's oil companies will have found 2.3 million barrels of oil a day that they would not have, had price controls not been phased out. But were it not for the WPT, that total would be 4 million barrels per day.

Another means by which America might cut its dependence on OPEC oil could be exploration and drilling on land that the federal government either controls or owns the mineral rights to.

There are 823 million acres of such land within the borders of the country, the equivalent of an area larger than all states east of the Mississippi River. But 422 million acres of this are restricted from oil exploration. Only about 12 percent of land not restricted has been leased for oil exploration, with less than one percent producing.

There are more than 559 million acres of land underlying the waters of the Outer Continental Shelf over which the federal government has jurisdiction. Less than three percent of this land has been leased.

It is important to protect wilderness areas and virgin lands. But any damage from seismic tests on such land could be restored in two years. Damage from a dry hole could be restored in four years. Damage from a producing well could be restored almost as soon as production ends.

The South, as a major producer of natural gas, contributes 84 percent of the nation's supply of that source of energy. Maturation of gas fields in the area could see that figure decline to 81 percent by 1985 and 72 percent by the year 2000.

The nation's supply of natural gas from conventional sources is estimated to be sufficient for the next 35 to 60 years. Development of gas from unconventional sources should begin in the 1980's. This will include production from tight sands, Devonian shale and geopressurized methane.

Gas is environmentally clean and has the potential in industrial use of reducing dependence on foreign oil. The South already relies on gas more than the rest of the country. It accounts for more than 35 percent of the energy consumed in the region, compared with 25 percent in the rest of the country.

The price of new natural gas is scheduled to be deregulated in 1985. There will likely be pressure to extend controls for two more years. In the meantime, price controls are regulated by the Natural Gas Policy Act (NGPA), enacted in 1978. The NGPA sets maximum prices for more than 15 categories of natural gas.

In an effort to shift expected price increases resulting from decontrol away from homeowners, Congress included in the act a surcharge to be paid by industries using natural gas. A Phase I formula for figuring the surcharge for large industrial boilers was promulgated by the Federal Energy Regulatory Commission and went into effect November 1, 1979. It applies to about 32 percent of industrial users. A Phase II formula for other industrial users was vetoed in the House of Representatives.

The Phase I regulations are extremely complicated and have created a heavy reporting and record-keeping burden on users, interstate pipelines and local distribution companies. A number of bills have been introduced in Congress to repeal these regulations.

Another piece of legislation of even greater concern to the South is the Powerplant and Industrial Fuel Use Act (PIFUA). It was passed in 1978 in the face of a severe energy shortage. PIFUA calls for the conversion by 1990 of power plants and industrial boilers using oil or natural gas to the use of some other fuel, mainly coal.

While oil remains in short supply, it now appears that there is an ample supply of natural gas. But the law remains in force, and it hits the South particularly hard because of the region's extensive use of natural gas in power plants and heavy industry. It is estimated that the Southern states would incur 83 to 89 percent of the cost of the changeovers, a total of $7,889,900,000 to $12,156,600,000. Consumers in the South would pay up to $6.7 billion more for electricity during the 1980's as a result of the changeovers, or up to $370 more per year per family of four. Job losses resulting from the changeovers in the South could be as high as 122,200.

The shortage of oil and decontrol of natural gas prices coupled with public doubt about nuclear energy combine to make the South's other source of energy, coal, a more viable alternative than in the past. In 1980, major coal companies were expected to mine a record 825 million tons. The industry estimates that by 1990, 1.4 billion tons will be produced.

But for all of that, sale of coal is not yet what it should be, given the circumstances. The National Coal Association reports more than 20,000 miners out of work and small operators going out of business at an alarming rate — 1,000 in 1979. Producers feel they could produce at least 12 percent more coal than currently produced.

In addition to slow sales, the coal industry is beset by government regulations. The principal constraint on producers is the Surface Mining Control and Reclamation Act of 1977. Producers feel reclamation standards are unnecessarily strict and complicated. Cost of restoring strip-mined land is estimated at $8 to $13 per ton of coal mined. Current price of coal is about $20 per ton. Congress has appropriated up to $10 million annually to assist small operators to pay for tests costing about $20,000 required for applications to strip-mine. Producers and regulatory personnel agree the appropriation is not large enough.

More directly related to low sale of coal is regulation of users under the Clean Air Act. Electric utilities and large industries complain that standards of the act prevent them from converting to coal. The South's coal cannot be burned without installation of expensive clean-air scrubbers. There is no provision for tax credits for installation of scrubbers.

The Environmental Protection Agency (EPA), meanwhile, in December, 1980, published recommendations to remedy existing and to prevent future impairment of visibility from pollution.

Thirty-six states will have to develop programs for visibility protection. Those in the South are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

A major outlet for producers of Southern coal is the world market. The National Coal Association and the Coal Exporters Association estimate a 1980 world demand for U.S. coal of 70 million tons, an increase to 85-90 million tons by 1985 and to 125 million tons by 1990.

In addition to questions of production capability and ability to compete in the world market, a major concern of Southern producers about exports is transportation. About 73 percent of all U.S. coal exports in 1979 passed through Hampton Roads, Va. It is not uncommon for ships to wait more than three weeks for loading there even under current export rates. That facility would have to be doubled and others expanded to supply the potential world demand.

Neither Hampton Roads nor any other U.S. port is equipped to handle new 130,000 ton colliers now available. They require a channel depth of 55 feet; the average Southern harbor is 34 feet deep. It would cost $285 million to dredge Hampton Roads' 45 foot channel to the required level.

In like manner, transportation needs impede domestic sale of coal. Producers rely on railroads, and the railroads are not able to keep up with current sales. Vast amounts of money to upgrade the railroad systems will be required to meet increased demand for coal.

An alternative means of moving coal is the coal slurry pipeline. Some of these have operated since the late 1950's, but their development has been blocked by failure to gain eminent domain. Legislation seeking powers of eminent domain for the pipelines has been introduced by several Southern congressmen.

Another coal-related piece of legislation is a bill in Congress that seeks to put a limit on severance taxes charged on coal. Montana and Wyoming impose such taxes. The Southern Governors' Association is among organizations opposing the bill as a dangerous precedent.

Also of interest to the South and its energy producers is the Energy Security Act to further the development of alternative fuel sources and lessen dependence on foreign sources. The act sets up the United States Synthetic Fuels Corporation to assist private industry to develop fuel from coal, shale oil and tar sands, to produce mixtures of coal and petroleum and to produce other alternative fuels. To provide financial assistance, Congress has appropriated $20 billion and may appropriate a maxium of $88 billion during the 12-year life span of the corporation. Goals are production of the equivalent of 500,000 barrels of crude oil per day by 1987 and the equivalent of two million barrels per day by 1992.

The development in the South of other alternative sources of energy — solar, alcohol and wood — is also discussed by the Task Force.

The Task Force notes that the most effective way to conserve conventional energy sources and encourage use of alternative ones is to allow conventional sources to be priced at their market cost, thus making conservation and alternative fuels attractive. Conservation can be considered a major energy source over the next 25 years. Congress has committed more than a billion dollars to four conservation programs administered by the states: development of state conservation programs, weatherizing of low-income homes, conservation improvments to public buildings, and conservation information service to businesses and individuals.

Southern state and local governments could support conservation through their power over building codes, mass transportation, tax credits, loans and grants, and land-use planning. State regulatory commissions could require utilities to make on-site energy audits for residences and to make weatherization information available. They could also encourage rate adjustments for conservation expenses.

As for alternative energy sources, passive and active solar energy are important developments. These technologies will be used in the immediate future mainly for heating and cooling residences and businesses and producing heat for industrial purposes. Though it is possible to generate electricity with solar energy, that use will not likely be cost feasible in this century.

Alcohol is an alternative energy source used to upgrade, extend or totally replace liquid fuels, including gasoline. Ethanol, made from corn grain, is commercially available today and the only alcohol fuel likely to be available in quantity through 1985. Methanol can be made from coal or wood and may be available in quantity by the mid- or late-1980's.

Considerable alcohol fuel plant planning and construction is under way in the Southern states. Average ethanol production per Southern state could be 10 to 20 million gallons per year by 1982. Nationally, production of ethanol, including that made from cellulose materials, including municipal waste and trees, is expected to reach 2 billion gallons per year by the end of 1985. By then, methanol made from coal will be in production.

By 1992, the Department of Energy expects to reach a goal of a 10 percent substitution of gasohol (10 percent ethanol and 90 percent gasoline) for gasoline. Major oil companies, reluctant about gasohol at first, are believed now to be developing large central plants for its production. A hope that small entrepreneurs across the South might produce it is dampened by reluctance of banks to lend money for setting up plants. The federal government will guarantee 90 percent of loans once a plant is in production, but banks are reluctant to risk the remaining 10 percent on small operations. State guarantees of the other 10 percent would help the small operator, as would a federal guarantee of the 90 percent during construction.

Wood as an alternative fuel source is particularly potent in the South. The region contains 27 to 35 percent of the nation's potential supply of the kind of low-grade wood useful for energy production. If all the South's supply were used to displace imported oil, imports could be reduced perhaps as much as 10 to 14 percent, certainly as much as 5 to 7 percent. This estimate is based on use only of residue and non-commercial timber which sells for less than wood for pulpwood and sawtimber. It is unlikely that oil and gas prices will go high enough to make wood for energy competitive with sawtimber prices, but they could increase enough in the case of pulpwood.

In the meantime, though, there is much low quality hardwood in the South not usable for sawtimber or pulpwood which could be harvested for energy use and replaced with trees of better quality. In addition, techniques are being developed to recover residue and non-commercial quality wood left behind in standard sawtimber and pulpwood operations.

The largest potential use of wood as fuel is to fire boilers to produce steam and heat in large industries and public buildings. But these need to be in rural areas. The cost of transporting wood makes it prohibitive to haul it more than 50 miles.

Boilers equipped to burn wood cost three to five times more than ones that burn oil or natural gas. But savings on the cost of wood will offset this during the life of the boiler, indeed within two to five years.

There is considerable activity in the development of wood for energy in the South. The Southern States Energy Board has identified 38 major wood energy projects in eight states — Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee. Wood will have a role to play in Southern energy production at least through the 1980's.

The U.S. Forest Service and various Southern universities are addressing such problems as developing effective handling and storage systems, and developing more economical methods and machinery for recovering wood residue, small diameter trees and low-quality timber off steep slopes.

Careful forest management is needed in development of a wood-for-burning industry in the South, with care exercised for future productive use of land where trees are cut.

Another alternative energy source, synthetic fuels, such as oil produced from shale and gasified and liquified coal, may become economically feasible with increased prices resulting from decontrol of gas and oil prices. The South has little shale, but the development of a synthetic fuel from coal can have a major impact in part of the South. The production of clean-burning fuels from Southern high-sulfur coal could be a boon to the region's coal industry.

Of energy consumed by agriculture in the South, the vast increase in recent years of nitrogen fertilizer provides the possibility for cutbacks. In 1945, production of corn was 4.86 bushels per pound of nitrogen fertilizer. The use of nitrogen fertilizer had increased by a factor of 8.28 by 1964. But production had only doubled. This meant that the yield had dropped to 1.17 bushels per pound of nitrogen fertilizer. The yield had dropped to 0.72 bushels per pound by 1970.

A state of disarray in governmental regulation is probably the chief deterrent to an effective energy policy in the nation today. Regulation has increased enormously in recent years. The *Code of Federal Regulations* has increased from 23,000 pages in 1950 to almost 84,000 pages in 1978. The federal government as late as the mid-1950's had regulatory power in only four areas — antitrust, financial institutions, transportation and communication. By 1980, some 90 federal agencies were regulating a broad range of private-sector activity.

A study of the Business Roundtable, an organization of top executives of large companies, put the cost of federal regulation on 48 major corporations at $2.6 billion in 1977. Environmental Protection Agency (EPA) regulations took the largest share of costs. The Office of Management and Budget has estimated that the cost to the government of controls on the American economy may run as high as $130 billion a year. Cost of federal regulation in 1979 was some $500 for every person in the country.

Different regulatory agencies run at cross-purposes to each other. For example, Environmental Protection Agency and Interior Department regulations on mining and burning of coal undercut Energy Department programs to encourage use of coal.

Concern for the environment has spawned many laws and regulations. Most were framed in response to specific needs, with little attention to interrelationships. As a result, regulatory requirements frequently overlap or conflict or duplicate one another.

An Office of Management and Budget study in

1979 reported that agency officials rarely examine regulations to determine if they are still needed. More than 100 bills have been introduced in Congress seeking regulatory reform. Most take an omnibus approach to all federal agencies. Individual attention to each agency seems indicated, with a view to defining authority and responsibility, and eliminating overlaps.

A serious problem is the lack of communication between federal regulatory agencies and state and local governments in the development of regulations at the state and local level.

The Southern States Energy Board and Western Interstate Energy Board have established regulatory reform committees. These work with the Regulatory Reform Insititute, a non-profit educational and research organization, on energy and environmental matters. They review regulations to determine if they have a regional impact and seek appropriate regional reaction.

The findings and recommendations which follow are comprehensive, covering both policy changes and technical requirements needed to help Southern states and Southern industry deal with the prospects of increasing energy costs and potential energy shortages during the 1980's. □

RECOMMENDATIONS OF THE TASK FORCE ON SOUTHERN ENERGY

A. Petroleum and Natural Gas Liquids

Findings

The nation is highly vulnerable to both supply interruptions and price increases imposed by the OPEC cartel. In addition, our present dependence on imported oil poses a threat to both national security and balance of trade. Our imported oil bill is now approximately $100 billion dollars per year.

Domestic production has declined slightly and will continue to decline over the next decade, barring new finds in frontier areas. Much of the nation's petroleum resources are on lands owned or controlled by the federal government and restricted from exploration and production. The vast potential for production from the Outer Continental Shelf, for example, has remained virtually untapped due to federal lands management practices which have resulted in only a small percentage of the total OCS being leased (about 3 percent as opposed to the approximately 40 percent leased by other nations). Continuing this policy will prevent not only the production of domestic petroleum but also any assessment of our total reserves and resources.

Increased domestic production of petroleum can be achieved through the application of enhanced oil recovery techniques. As much as 52 billion barrels of oil could be produced by enhanced recovery, using known technology. The Windfall Profits Tax Act, while spurring exploration and the undertaking of more costly speculative ventures, has diverted capital away from secondary and tertiary recovery from existing fields.

Appliction of in-fill drilling, the practice of drilling more wells in existing fields and reducing the well spacing, can have the most immediate impact on domestic production. In-fill drilling would also present less environmental hazards than other methods of production. For example, some enhanced recovery techniques, such as steam injection and waterflooding, do pose environmental threats which must be controlled.

Conservation has slowed the growth in demand for petroleum during the past two years and additional savings through conservation can be realized. The industrial sector has clearly demonstrated that the introduction of efficiencies to all petroleum consuming processes and the introduction of substitute fuels can have significant effect. The transportation sector, the single largest consumer of petroleum, has also slowed its growth in demand for petroleum and additional savings will be made by this sector over the coming decade. The substitution of other fuels for petroleum for such uses as an industrial boiler fuel and electric generation will also aid the drive to reduce oil consumption.

Recommendations

- All economically efficient steps to reduce the nation's and the region's vulnerability to imported oil should be taken.
- Incentives should be provided to producers to maximize the economically efficient production from domestic oil fields. The barriers to such activities should be removed.
- In-fill drilling should be applied in existing oil fields wherever economically efficient to allow for extraction of oil in the shortest possible time period.
- Incentives to conservation should be provided where needed, although the rising price of oil has itself proven to be an incentive to conservation.

B. Crude Oil Windfall Profits Tax Act of 1980

Findings

The Crude Oil Windfall Profits Tax Act of 1980 is not a tax on profits but an excise tax which is seriously flawed and inequitably applied. It falls most heavily on independent producers and royalty owners. It would be better characterized as a federal windfall revenue act.

WPT will shorten the economic producing life of stripper wells dramatically and result in a loss of petroleum resources which we can ill afford to lose.

An insufficient amount of the revenue derived from WPT is being utilized to encourage domestic production of energy. Even though a significant amount of money has been earmarked for tax credits and other incentives for renewable energy resource development and conservation, this is not binding on future sessions of Congress. Also, in the short term, these efforts will not offset the need for petroleum which, if not produced domestically, must be imported.

Recommendations

- Amend the crude oil windfall profits tax to exempt oil produced from stripper wells and oil produced using enhanced recovery techniques. In addition, exempt the first $4,000.00 per year in total royalty earnings from the tax and tax all remaining royalties at the rate applied to independent producers.
- Allow a tax credit to be applied against the windfall profits tax for investment in domestic energy production. A priority listing of domestic energy sources which would qualify for the tax credit should be developed and be closely coordinated with established annual domestic energy production targets.

C. Natural Gas

Findings

The South is more heavily dependent on natural gas as a primary fuel source for industry and electric generation than other regions of the country. Natural gas is an environmentally clean, preferred energy source and domestic production is sufficient to meet almost all domestic demand.

Natural gas supplies are much more plentiful than was thought only two years ago. The phased decontrol of new gas has resulted in providing adequate incentives for increased exploration, and new sources of natural gas have been found in previously unexplored areas. However, domestic production of conventional natural gas is projected to decline slowly over the 1980's. By the end of the decade, unconventional natural gas and synthetic gas from coal will begin to contribute to overall supply.

Both natural gas usage and prices are constrained or controlled by federal law. The Powerplant and Industrial Fuel Use Act constrains industrial use and prohibits use for electric generation, and the Natural Gas Policy Act dictates the price of natural gas. However, NGPA has also removed most of the problems caused by establishing the wellhead price of gas by regulatory discretion. Both PIFUA and NGPA are based on erroneous assumptions and have had a detrimental impact on the South and the nation as a whole. While the pricing provisions of the NGPA (the "decontrol" of wellhead prices for new gas) have generally spurred domestic production, they are based on a natural gas/petroleum cost intercept on a Btu basis in 1985. However, this will not occur since the projected world oil price assumed in the Act for 1985 was $14 per barrel.

Coal and natural gas can serve as transition fuels away from oil and substantially reduce our dependence on imports. This can begin to take place during the 1980's. Even by the most conservative estimates we are in no danger of running out of natural gas for several decades and, if unconventional sources of gas are considered, perhaps several centuries.

Thus, there appears to be no need to change the scheduled phased decontrol of new gas to achieve decontrol earlier than 1985.

Recommendation

- Remove the restrictions on the use of natural gas, except that no new powerplants which burn natural gas should be constructed.

D. Powerplant and Industrial Fuel Use Act

Findings

The impacts of PIFUA on the 50 states are not uniform, and in fact, PIFUA impacts the Southern states severely. With only one-third of the U. S. population, less than one-third of the nation's industrial work force and less than one-third of the manufacturing value added, the Southern states incur 82 to 89 percent of the costs of implementation ($7,899,900,000 to $12,156,600,000 out of $9,502,500,000 to $13,691,600,000 for the U. S. as a whole).

The Southern states' industries in the aggregate will incur between 81 percent and 93 percent of the U.S. total impact of PIFUA implementation costs to industry ($4,775,000,000 to $5,446,800,000 out of $5,495,000,000 to $6,679,000,000 for the U.S. as a whole).

The Southern states' consumers will pay between 84.2 percent and 95.7 percent of the U.S. total increased electricity costs under the regulatory proposals ($3,374,700,000 to $6,710,000,000 out of $4,006,800,000 to $7,012,800,000 for the U.S. as a whole).

The disproportionate impact on the Southern states could create an estimated loss of 104,400 to 122,200 permanent jobs, 21,900 from existing industry.

Consumers in the South will pay up to 6.7 billion more dollars for electricity under the PIFUA than if natural gas use is continued, or up to $370 more per family of four due to increased electricity costs.

These findings are conservative since they consider only the primary impact upon the states, and the DOE's analysis is understated since capital investments for conversion and new facilities are amortized over lifetimes much longer than 1990.

The basic assumption underlying PIFUA—that there is a current or pending shortage of natural gas—is no longer valid if, in fact, it was valid in 1977. Current gas supplies from conventional domestic sources are approximately 9.5 MMB/D* equivalent. This will decline slightly to about 8.0 MMB/D in 1990.

---

*Millions of barrels per day.

Gas from unconventional sources such as tight sands, Devonian shale, geopressurized methane and synthetic gas from coal, will begin to contribute significantly by the end of the 1980s, about 1 MMB/D. This contribution could be greater, depending upon governmental actions and economics.

Domestic gas supplies can be supplemented by imports from Canada and Mexico and liquefied natural gas from overseas. Completion of an Alaskan natural gas pipeline would make available another significant source of domestic production.

The underlying assumptions of both PIFUA and the Natural Gas Policy Act could prove to be totally unrealistic if the present rate of new finds continues and if previously overlooked areas continue to yield vast amounts of natural gas. The Deep Tuscaloosa Trench in Louisiana alone has been estimated to contain total resources of 24,000 trillion cubic feet of unconventional gas, or about ten centuries of supplies at the current consumption rate.

Recommendation

- Allow existing utilities, existing industry and new industry to use natural gas as a primary fuel source. Extend the natural gas ban for existing powerplants from January 1, 1990 to the useful life of the powerplant, whichever is later, the useful life of a powerplant to be determined by the proper state regulatory authorities.

E. Natural Gas Policy Act

Findings

The Southern states, which account for 82 percent of the natural gas produced in the United States, should be concerned with the impacts of the Natural Gas Policy Act (NGPA) and the actions of the Federal Energy Regulatory Commission in implementing the provisions of the Act, designed for partial deregulation beginning in 1985. Controls may be extended for 18 months by the President or by either House of Congress. At this time it is not expected that all gas will be deregulated by 1985. Current studies indicate that 55 percent of all gas will remain under price controls with some 95 percent of this gas available to interstate markets.

Presently, natural gas is similar to oil in that it is sold at a variety of prices, apart from quality distinction. The theory behind the pricing steps of the Natural Gas Policy Act was that new gas (excluding unconventional gas, Devonian, tight, etc.) would intercept the cost of oil on a Btu basis by 1985. However, the NGPA erroneously presumed that 1985 oil would be sold for about $14 per barrel and assumed 1978 dollars.

Actions taken by OPEC in 1979 almost doubled the price for oil and therefore no cost intercept will occur in 1985. Most gas, on a Btu basis, will sell for about half the price of oil. The Administration and Congress currently are giving consideration to both an extension of controls on natural gas after 1985 or an acceleration in price increases, with an attendant windfall profits tax on gas.

While the Congressional intent of incremental pricing policies may have some merit, the actual implementation of incremental pricing rules could have very negative effects on the natural gas system as a whole. The rules promulgated under the NGPA do attempt to strike a balance between the two goals of maximizing flow-through of incremental costs to industrial facilities while minimizing fuel switching. However this goal is not an easily accomplished objective. Some Southern states are especially cognizant of the curtailment experienced in the mid-1970's which forced many industries off systems. The result of the industrial load loss was increased rates to the remaining customers. Further analyses indicate that the results of industrial load loss due to fuel switching precipitated by incremental pricing would be similar. While it is recognized that the national policy is to pass through to industrial customers as much as possible of the increased acquisition cost of natural gas, by the incremental pricing of gas purchased for these customers, the examination of the possible consequences is very revealing.

To date, the effects of incremental pricing have been somewhat limited by (1) the Congressional decision not to extend incremental pricing to all industrial users as contemplated in what was to have been the second phase of incremental pricing and (2) the use of #6 fuel oil as the alternate ceiling price for the present time. In addition, the continued increases of alternative oil prices have prevented some of the fuel switching that had been anticipated. However, any of these situations may change at any time.

The incremental pricing mechanism itself is a time-consuming, complex, administratively burdensome mechanism to federal regulators, state commissions and utility companies. In addition, incremental pricing not only has the potential for adversely affecting the high-priority users, whom it was intended to protect, it may also be counterproductive to the national energy policy of less dependence on foreign oil if it, in fact, encourages industrials to switch from the use of gas to the consumption of imported oil.

The mandate of incremental pricing also constitutes what many feel is an unwarranted first time intrusion of federal control into retail ratemaking. The reaction of many states has been the adoption of state incremental pricing plans. These so-called state plans actually incorporate the federal rules into existing state tariffs, not in support of the concepts but merely as an act of self protection against incremental pricing surcharges collected from flowing out of the state. This aspect is especially significant to Southern states served by pipelines that also serve the Northeastern states which have a heavy concentration of residential customers. Without these state plans, surcharges would be collected from industrial customers and be redistributed to residential customers, the bulk of whom are in the Northeastern states.

The effect of Title I of NGPA, the decontrol of wellhead prices of natural gas has had a very beneficial effect on domestic supplies of gas and has spurred increased exploration and production.

Recommendations

- The complexity of the incremental pricing mechanism, the potentially disastrous effects of incremental pricing that could result from industrial load loss and the intrusion of federal authorities into state regulatory domains point to only one reasonable recourse: that Title II of the NGPA, the incremental pricing scheme, be immediatey repealed.
- That Title I, the phased decontrol of the wellhead price of new gas, be retained and an earlier decontrol of gas prices not be implemented.

F. Coal

Findings

Expanded production, use, and export of domestic coal is beneficial both to the Southern region and the nation. Not only can coal use assist in attaining the national goal of decreased reliance on imported energy, but expanded production would be good for the economy of the South.

Coal is one of our most plentiful energy resources, yet increased domestic use of coal is severely restrained on both the consumption and production ends. The Surface Mining Control and Reclamation Act, and the regulations promulgated by the Office of Surface Mining (OSM) pursuant thereto, place undue economic hardships on many coal producers. The U.S. Mining and Reclamation Council estimated that 1,000 small coal operators went out of business in 1979. Also, most major producers have cut back production or have cancelled plans for expansion.

Both domestic consumption and foreign exports of coal are constrained by the existing transportation system although it should prove adequate through the 1980's. However, future expansion of coal production and use will necessitate improvements in the transportation system; and coal exports are dependent upon greatly improved port facilities.

Demand for U.S. coal by foreign nations is increasing and demand for Southern coal is especially high. And, while demand is high at present, predictions indicate that it will continue to increase rapidly. Some experts insist that Southern coal producers could operate at full throttle and still not meet demand. However, the South lacks the necessary port facilities to export coal at maximum levels. Existing ports cannot handle the present demand, and they surely cannot handle increased demand. Thus coal is stockpiling at the Hampton Roads port facility while ships wait at sea to be loaded. Presently, ships wait; however as coal markets open in other countries those ships may not wait and demand will drop. Demand for Southern coal will continue to increase if foreign purchasers can be assured of having their ships loaded promptly upon arrival in the U.S.

The future for Southern coal as an export commodity and as a domestic energy source can be unlimited. However, regulatory burdens on the industry and the consumer of the product must be lessened before the future potential will be realized. Regulatory burdens produce price constraints which discourage increased consumption of coal.

Domestic consumption of coal is constrained by air quality standards, and the high cost of meeting those standards, and by concerns about the long-term environmental and health effects of expanded coal use. The expanded use of coal could be enhanced by producing synthetic fuels from coal, fuels which are far cleaner than the coal itself.

Recommendations

- Lessen the economic impacts on coal producers. For example, the regulatory requirement to return land to its approximate original contour is extremely costly and often near impossible in mountainous areas. A requirement to return the land to productivity or to a usable state would be more reasonable.
- Allow industry the maximum degree of flexibility in attaining air quality standards. The use of the "bubble" concept is an effective example.
- The construction and expansion of new deep water port facilities should proceed with all deliberate speed. The commitment to a series of major coal export facilities must be made if the demand for coal exports is to be met. Federal assistance should be provided to improve existing port facilities since the cost is substantial. A system of incentives and credits should be devised to encourage industry, both coal and transportation, to improve our ports until they are capable of handling the 130,000 ton supercolliers.
- Improve our transportation system to accommodate the increase in both domestic and foreign demand for U.S. coal. Coal slurry pipelines are the most economical means of transportation for 300-400 mile distances. Lift the obstacles to

coal slurry pipelines by granting eminent domain.

- Encourage research and development into producing synthetic gases and liquids from coal.

G. Nuclear Power

Findings

The South will be heavily dependent upon nuclear power through the 20th century, with approximately 20 percent of its electricity coming from that source by the end of the century.

The growth of demand for electricity decreased significantly during the mid- to late-1970's and current projections indicate that growth in demand will remain low through the 1980's and 1990's, probably in the 3 to 4 percent per year range.

Other than limited hydro, utilities have only two fuel options for newly-constructed base load capacity — coal and nuclear. This is a result of governmental policy rather than fuel availability. There are serious problems surrounding both of these fuel options which must be considered. However, the major constraints to expanded development of both coal and nuclear do not seem insurmountable.

Nuclear energy development is, and will likely continue to be, hampered by regulatory problems, delays in licensing and siting, environmental constraints and public concerns.

The amount of uranium available is uncertain and without reprocessing may not be sufficient to fuel the present generation of reactors at economical prices. The present generation of light water reactors on the once-through fuel cycle are inefficient when compared to advanced reactors such as the Liquid Metal Fast Breeder. The breeder can recover virtually all of the energy in native uranium and can extend our supply of uranium dramatically.

Emergency response planning for fixed nuclear facilities was inadequate in the past. Nuclear Regulatory Commission standards were insufficient. The Federal Emergency Management Agency now has authority for off-site planning while NRC retains on-site authority. This dual responsibility has created confusion. NRC rulemaking ties approved state and local response plans to the licensing process and thus can potentially delay the granting of operating licenses.

Nuclear reactor accident potential has been the subject of considerable debate. The Three Mile Island accident has heightened discussions of this issue. WASH-1400, the Rasmussen Report, is the most comprehensive study of risks and it has received some criticism. While the report has emerged from the debate with generally-accepted validity, the National Academy of Sciences concluded that WASH-1400 "cannot prove either that reactors are safe or that they are dangerous."

High-level radioactive waste disposal and reactor operating safety are the major obstacles to rational utilitization of nuclear energy in the eyes of the general public. Appropriate scientific and technical solutions to these problems exist and resolution of these problems is a political problem. Continued political indecision in these areas may, as a practical matter, result in the effective termination of nuclear power as an energy source and must be recognized by political leaders as such.

Recommendations (Also see Mr. Kerr's dissenting opinion.)

- Reorganize and strengthen the NRC with a focus on reactor operating safety. The NRC should promulgate stringent requirements for improved operator training and qualifications and monitor the progress made by reactor operators in meeting such requirements.
- Appropriate legislative policy should be adopted by the Congress which sets a rational time frame in which high-level waste disposal site(s) are established and in operation no later than 1988. Such legislation must balance the unquestioned need for safety and environmental concerns of present and future generations with an unambivalent policy decision to utilize nuclear power as an energy source.
- Congress should adopt a clear policy mandating the Nuclear Regulatory Commission to reduce the time required for construction and operating license proceedings consistent with safety and environmental concerns and which also recognizes the need for and national commitment to additional nuclear generating units.
- Improve emergency response planning with an emphasis on local and state responsibilities. Both the NRC and FEMA should allow local and state governments maximum flexibility in devising and implementing emergency response plans. Assemble a team of knowledgable and experienced personnel from federal, state and local governments and the nuclear industry to conduct evaluations of reactor operators and state emergency response plans and capabilities.
- Continue a strong research, development and demonstration program to assess the potential of advanced reactor designs. This effort should include the completion of the Clinch River Liquid Metal Fast Breeder Reactor. Research should also continue to evaluate the potential of fusion reactors.
- Evaluate the potential of multi-unit siting in remote areas.
- Conduct a public education program of both the benefits and hazards of nuclear power.

Mr. G. Robert Kerr wishes to make known his objections to the recommendations made in this section. First, Mr. Kerr feels that the recomendations should only be considered at such time as nuclear power is proven to be a viable energy source and, in his opinion, that has not yet been done. With that qualification, Mr. Kerr agrees that the NRC should be strengthened with a view to reactor operator safety but feels that it is not necessary to reorganize the NRC to accomplish that goal. Mr. Kerr feels that the Congress should not necessarily be given a deadline for the establishment of high-level waste repositories but a reasonable target date should be set. In addition, Mr. Kerr dissents from the statement, "Such legislation must balance the unquestioned need for safety and environmental concerns of present and future generations with an unambivalent policy decision to utilize nuclear power as an energy source."

Mr. Kerr most strongly disagrees with the recommendation that the Clinch River Liquid Metal Fast Breeder Reactor be completed. He feels that we should encourage investment into more conventional sources of electric generation which offer a better pay back and discourage investment in nuclear power.

H. Electricity

Findings

Electricity will remain a vital energy source for the South in the future, although the rate of demand growth will be much less than in the past several decades.

Significant amounts of new generating capacity will be needed even with the lower rate of demand growth. This new capacity will be almost entirely nuclear and coal-fired.

The effectiveness of conservation cannot be overstated and it should be encouraged by both the states and the federal government. Conservation is far less costly than new electric generating capacity and is beneficial to both the consumers and producers of electricity.

Small-scale hydroelectric generating facilities, cogeneration, wood energy systems, certain solar technologies and improved energy efficiency standards for appliances and industrial processes have vast potential for energy savings. The present level of government support should, at the very least, be maintained. In the case of small-scale hydro and cogeneration barriers to development exist and should be removed.

Barriers to the use of coal and nuclear power for elecric generation also exist. These have been discussed in greater detail in other sections of this report.

It is becoming increasingly more difficult for utilities to make accurate need-for-power forecasts. This has been caused in part by the reduction in demand growth and the configuration of utility service areas. A mechanism for regional need-for-power forecasts is needed.

Recommendations

- Continue to encourage conservation of electricity through government incentives.
- Remove the barriers to the development of small-scale hydroelectric generating facilities and cogeneration systems.
- Encourage the states to enact more stringent building codes and specifications to insure energy efficiency in new buildings. Encourage the installation of more efficient hot water heaters, furnaces and air conditioners through tax credits.
- Develop and implement a method of developing a regional need-for-power forecast to aid utility companies and public utility commissions in timely decision-making.

I. Conservation and Renewable Energy Resources

Findings

Conservation

Conservation should be the foundation of a national energy policy for the 1980's and beyond. Substantial energy savings can still be achieved by applying additional conservation measures. However, federally mandated conservation programs are inadequately coordinated, increasing the administrative workload for the states. Conservation can be achieved through more efficient use of energy, and industry has an impressive record in energy efficiency. More flexibility should be given to industry in meeting federal energy efficiency standards.

If the economic disincentives to conservation are removed and conservation placed on an equal economic footing with fossil and nuclear energy, then there will be less need for government programs to encourage conservation. Conservation is most often a reaction to price, and decontrol of prices to their replacement level will spur energy conservation.

The federal government has a role to play in energy conservation, as does state government. Governmental assistance through research and development into more efficient energy utilization and the conduct of "bricks and mortar" programs are proper functions which should be undertaken by government.

Solar

Residential solar energy faces obstacles to rapid expansion. Solar water heating and space heating are progressing at a moderate pace. However, passive solar heating and cooling face serious obstacles because passive devices usually serve both structural and energy functions and are not eligible for solar tax credits.

Still unresolved are the problems of compatibility and cooperation between the decentralized small scale solar applications and the centralized large scale public utilities. One of the more pressing problems in this area revolves around ownership and financing of residential solar equipment.

Although the stated goal of 20 percent of the nation's energy needs being supplied by solar energy by the year 2000 is viewed by many as overly optimistic, gains can be made in achieving widespread acceptance and use of solar technologies. The 20 percent goal would require a massive expenditure of public money in an attempt to cut short the long lead time traditionally needed to bring new energy technologies into production.

The high initial capital cost of solar equipment is a major obstacle to solar development. However if life cycle costing techniques are applied, solar often proves more economic, over the long term, than competing technologies. Restrictions on utility involvement in residential solar applications are hindering the growth of the solar market. Only limited progress has been made in defining the relationship between utilities and solar customers.

Two solar applications, hydropower and biomass, can make significant contributions to total energy supplies during the coming decade. Hydropower is a preferred energy source but can represent a tradeoff between energy from this source and water and land use options. Biomass—in the form of wood energy, waste to energy, and alcohol fuels—can prove to be an important energy source for the 1980's and also provide new markets for Southern farmers and timber owners.

Wood Energy

Wood energy can play a significant role in meeting Southern and national energy needs. Development of wood energy in the Southern region could displace from 5 to 14 percent of the nation's imported oil.

Wood energy development is constrained by high initial cost of equipment or conversion, technology still being developed, a lack of marketing infrastructure, transportation costs, and by the difficulties of using wood as a solid fuel.

The wood resources base can be tapped for energy without impinging upon other wood markets, especially if good residue recovery techniques are developed, quick rotation wood energy crops are developed, and low quality hardwood is targeted for harvesting.

The price of wood relative to other energy sources should be very competitive for the next decade. Price controls on conventional fuels are decreasing the competitive situation of wood and other nonconventional fuels and as those controls are removed wood will become even more attractive economically. However, wood is constrained by the high transportation costs, and these costs limit the placement of large wood-burning facilities. Southern states with industrial facilities in relatively rural areas may be in a better position to benefit from wood energy development.

The outlook for increased use of wood energy through the 1980's and 1990's is quite positive. The post-2000 situation is unclear. Fuel wood shortages already exist in some countries, and projections indicate a possible worldwide wood shortage during the 21st century as energy usage patterns shift away from fossil fuels to wood — the poor man's oil. Safeguards will be needed in this country to prevent overharvesting of forests by improper logging techniques and to insure long term replacement of depleted wood supplies.

Alcohol Fuels

There is an adequate supply of biomass in the South that can serve as feedstock for alcohol fuel plants (35 percent of the national total). The largest potential comes from cellulosic material, mostly wood. The technology for cellulosic biomass conversion will likely begin to come on line after 1985.

The South's contribution of the nation's alcohol fuels needs can be significant. The Southern states in total could produce between 10,400 and 20,800 B/D of alcohol, or 17 to 35 percent of the national goal of 60,000 B/D by the end of 1982.

If the 1990 goal of supplanting 10 percent of gasoline with alcohol fuels is met, this could mean a reduction in imported oil of between 4 and 5 percent at the current level of imports.

Demand for gasohol is relatively strong at present. As the price of gasoline increases, as it most certainly will, demand for gasohol should increase also. The price of gasohol is reduced somewhat by the current exemption from the federal four cents per gallon excise tax. Some states have granted an exemption from the motor fuel tax which serves to make the cost of gasohol even more attractive.

"Captive fleets," such as government vehicles and small urban transit systems, are ideal subjects for experiments with alcohol fuels.

The current fuel distribution system should prove adequate to handle alcohol fuels if dedicated to that purpose. It is, after all, merely another liquid, fuel.

Alcohol fuels production plants should not use liquid fuels as a primary energy source. The need for alcohol fuels is based on an overall need for liquid fuels for transportation. Using liquid fuels as an energy source to produce liquid fuels is counterproductive.

Waste to Energy

Municipal solid waste conversion is an ideal form of resource recovery and energy production which has proven successful in numerous applications in Europe. However, there are barriers to waste-to-energy systems in this country which must be removed. While it is less energy intensive to recycle materials than to extract virgin resources, rail freight rates discourage the shipment of recycled materials and the market for recycled metals is frequently erratic.

Local governments are, for the most part, currently not equipped to analyze the potential for a waste-to-energy system for their communities.

Recommendations

Conservation

- Allow the price of conventional fuels to rise to reflect replacement costs through decontrol of domestic prices and implementation of environmental policies that cause environmental costs to be reflected in energy prices. This would place conservation on an equal economic footing with fossil and nuclear energy. It would also encourage development of renewable energy and would indicate the true cost/benefit balance between renewable and conventional energy sources.
- Energy conservation programs should be consolidated and decentralized to the maximum extent possible. The federal government should be encouraged to continue and strengthen those conservation programs which have proved effective and direct the available resources to those beneficial programs.
- Federal and state governments should provide maximum tax credits as a method of encouraging industry to consider energy efficient technologies over energy intensive ones.
- State and local governments should take the lead in developing innovative conservation programs. It has already been demonstrated that they are capable of doing so and the role of the federal government should be technical assistance and financial support.
- Federally-mandated energy efficiency standards should be modified to allow greater flexibility in achieving long term goals. For example, a long term energy efficiency target should be set and industry allowed the maximum flexibility in achieving that target.
- A commitment to energy conservation should be made by the government even though conservation can impact on state and federal revenue derived from taxes on energy usage. The ardor for gasoline conservation, for example, has cooled dramatically as states watched the growth in motor fuel tax revenue diminish.

Solar

- If the stated goal of 20 percent of the nation's energy needs from solar energy by the year 2000 is to be attained, federal spending for development of renewable energy will have to be adjusted accordingly. While most experts agree that 20 percent is overly optimistic, progress toward that goal can be made.
- The specific end-uses of solar energy (and cogeneration) should be identified for each sector and industry, and solar energy for those "best use" functions should be developed accordingly,
- On site surveys of major facilities in the South's primary industries should be conducted to determine site-specific energy needs and physical requirements necessary for installation of solar industrial process heat systems and/or other technologies.
- Solar energy should be redefined in all federal and state legislation and regulations to include passive solar systems.
- The National Energy Conservation Policy Act provisions prohibiting utilities from supplying, installing, or financing solar equipment should be amended not only to allow but to encourage utility financing of solar equipment purchased from independent retailers.

Wood Energy

- State tax incentives, analagous to the federal 10 percent energy investment tax credit, should be provided for installation of a wood energy system. Low cost loans for the purchase and installation of wood energy systems could be provided by state or federal government or both.
- States and the federal government should strongly encourage and support wood energy research and development programs. Several Southern states have excellent ongoing wood energy programs and are among the nation's leaders in this area.
- Each state energy agency, in cooperation with the appropriate forestry and agricultural agencies, should establish standards governing wood harvesting and crop production for energy uses, to prevent deforestation on a large scale and to insure the continuous viability of the soil.

Alcohol Fuels

- Alcohol fuel production plants should be encouraged to use coal or a renewable energy source for 100 percent of their primary fuel. The tax credit provided by the Windfall Profits Tax Act applies if coal or a renewable energy source is used for 50 percent or more of primary fuel.
- To the greatest extent possible, the institutional barriers to production of alcohol fuels should be removed.

- Federal, state and local governments should conduct experimental programs, on a relatively large scale, of captive fleet conversions to 100 percent ethanol or methanol. Experiments involving conversions of privately-owned fleets should be subsidized by public funding, if necessary.

- Federal law should be changed to allow federal agencies to sign contracts to purchase alcohol fuel prior to plant contruction (rather than after construction) to aid in convincing lenders that there are markets awaiting the fuel.

- State loan guarantee programs that would cover the 10 percent of capital cost of alcohol fuel plants that is not covered under federal loan guarantee programs would greatly aid in overcoming lender hesitance in approving loans for plant construction since banks would then incur less loan risk.

- Change existing federal regulations to allow the loan guarantee to go into effect prior to construction of a plant. Banks are currently exposed during the contruction loan phase of a project since the guarantee is not given until after the plant has demonstrated that it is producing properly. This would overcome one of the major hurdles investors have to face in convincing banks to fund a project.

Municipal Solid Waste

- Encourage local governments to assess the potential for generating energy from municipal solid waste or methane from existing landfills. State energy agencies should provide technical assistance and conduct feasibility studies at the request of local governments.

- Remove the barriers to recycling materials to the maximum extent possible.

Research and Development

- Research and development efforts in the South should be expanded and concentrated on areas of particular benefit to Southern growth. Wood is perhaps the best example. Not only will the development of a wood energy infrastructure create numerous jobs and opportunities for small businesses, but it will also conserve fossil fuels. Projections indicate that wood could supply seven quads of environmentally clean energy at economical prices by the year 2000.

- The current state-funded research and development efforts, which cover a broad range of technologies in the renewable energy field, should be encouraged. This is especially important in light of the dearth of activity at the federal level. Federal activities have hampered the development of certain renewable resources, mainly alcohol fuels and small scale hydroelectric projects.

- Regionally coordinated goals and objectives for research and development in the South should be established and constantly monitored.

All of the nonconventional energy sources face a common hurdle: high initial cost in comparison to conventional fuels. This is compounded by continued government subsidy of fossil and nuclear fuels. The current regulatory and incentive programs may themselves be the single most powerful constraint to renewable energy development. The following recommendations, if implemented, would remove some of the constraints imposed by government.

- The Federal Energy Regulatory Commission should resolve the problems related to competing applications from private and public entities over development of the same hydroelectric site.

- FERC should also clarify the position of state public utility commissions in relation to small-scale industrial generating plants which are capable of selling electricity back to the utilities.

- The permitting process for renewable energy projects should be streamlined wherever and whenever possible. Consolidated local/state/federal permit reviews should be conducted to shorten the time needed to obtain construction and operating licenses and to reduce the cost to the applicant for expensive environmental studies.

- Incentives should be developed for architects, designers and contractors to use passive solar and energy conservation technologies in all new construction. Local and state building codes should be modified to require the use of passive solar and energy conservation technologies in all new construction, to the maximum extent possible.

J. Synthetic Fuels

Findings

The need for a synthetic fuels production capability is apparent. However, the real problem confronting this country, imported oil, should be kept in mind. There is no demonstrated need, at present, for a major effort to produce a substitute for natural gas. Conventional and unconventional natural gas from a number of sources can be produced more cheaply than high-Btu synthetic gas. There is an immediate need, however, to produce liquid fuels to replace petroleum-derived fuels.

The decontrol of oil and natural gas prices, so that production and consumption decisions reflect replacement costs, will bring synthetic fuels from coal into a competitive posture with conventional fuels in the very near future. At present, low and medium-Btu gas can compete with conventional fuels in certain circumstances. Oil from shale may already be competitive, however it presents the most potential for environmental damage.

The Synthetic Fuels Corporation should take a slow and careful approach in its support of the industry. The investment of more money than the industry can absorb could have an adverse effect on production. More specific guidelines for investment should be developed. Under present program guidelines, the Corporation has an almost unlimited authority to invest money as it pleases. However, the Corporation is restricted in its ability to support research and development. This is perhaps the greatest need for a successful synthetic fuels industry in the future.

If production goals were better articulated and publicized as annual production targets for each synthetic fuels source, localities and states could better plan for growth and the necessary mitigation strategies to offset the problems associated with rapid population growth and the demand for services. However, it is unlikely that local and state governments can handle the problems without some form of assistance from the federal government.

Recommendations

- The efforts of the Synthetic Fuels Corporation should be redirected, in part, to basic research and development into more advanced technology and away from full-scale production of synthetic fuels. In addition, more specific guidelines for investment should be developed.
- Support for demonstration or pilot plants utilizing the best known technology should be continued.

K. Energy Use in the Industrial Sector

Findings

The economy of the South is heavily dependent upon petroleum and natural gas. Demand is relatively inelastic over the short run due to the high capital costs of conversion to other fuels. Petroleum and natural gas accounted for 82 percent of the fuel used in the industrial sector in the South. Sixty percent of all manufacturers in the Southern states use natural gas as a primary fuel.

The relative prices of oil, gas and electricity are less than those paid by industrial users elsewhere in the nation. This has contributed to the development of the regional economy. However, as a result, the Southern economy will be more sensitive to changes in energy supply. Uncertainty of energy supply will impact the locational decisions of industry either considering a move to or already located in the South.

National policy which requires a virtual immediate conversion from oil and natural gas will have far greater impact on the Southern economy than on other regions of the nation. For example, the Powerplant and Industrial Fuel Use Act requires major fuel burning installations to switch from oil and natural gas to coal by 1990. The Act will alter the relative price of fuels throughout the region in every sector of the economy. While coal is less expensive than natural gas, the added cost of conforming to environmental standards could make the region less competitive in attracting and maintaining industries. The cost of installing coal-fired boilers for utilities and industry and the cost of establishing adequate coal transportation and distribution lines into the region will increase operating costs. Utilities in less than half of the Southern states now use coal as a fuel source.

Recommendations

- Steps should be taken to minimize the long-run effects of potential energy shortages. The institutional barriers to fuel switching in industrial boilers and burners should be removed.
- No action should be taken by the federal government to mandate specific fuel use in the industrial sector.
- Environmental laws and regulations must be administered with flexibility in recognition of the fact that there are constantly changing and poorly understood relationships among technology, scientific data, economic costs, and social desires.

L. Energy Use in the Agricultural Sector

Findings

Agriculture has always been, and will continue to be, a vital sector of the Southern economy. Agriculture is highly energy intensive and rising energy costs over the past decade have severely impacted this sector.

In the future, as we become more heavily dependent upon renewable energy resources, agriculture will be called upon to supply a significant portion of those energy sources. Agriculture lends itself to the use of alternative energy technologies for many applications for which fossil fuels are presently being utilized.

Recommendations

- State and federal governments should actively undertake research and development into alternative energy technologies and development of "bottom-line" information about the circumstances under which the technologies are cost effective and practical to use on the farm. This information should be agressively disseminated through state extension services and state agricultural universities. Technologies and uses which should be studied include solar crop drying (through passive and active designs and through combustion of biomass materials such as wood, cornstover and methane gas derived from manure), solar and wind power irrigation systems and water-aided heat pumps. Tests on various designs of small-scale ethanol production systems need to be conducted to determine if the systems can be constructed and operated in a practical and cost-efficient manner on the farm to produce fuel alcohol to run farm equipment.

- The development and dissemination of information by state and federal governments of good bottom-line data describing the costs of alternative means of row crop farming is especially needed. These data are important in regards to the reduction of fertilizer use through crop rotation. Older discarded methods, including the substitution of animal labor for farm machinery, should be reexamined in light of today's energy and farm equipment costs. Innovative approaches must be developed in order to save the family farm.
- Research is required into more energy efficient farm equipment (tractors, combines, etc.)

M. Energy and Economic Development

Findings

The relatively rapid rate of economic development enjoyed by the Southern states as a region, during the past decade, has in part been the result of lower energy costs, as compared to other regions of the nation. This factor, coupled with lower labor costs, has kept the South in an advantageous position to attract new and expanded industry. However, this posture has also made the Southern economy more vulnerable to economic dislocations caused by sudden increases in energy prices or uncertainty of long-term energy availability.

Public sector pricing policies can have a critical effect on the level of uncertainty facing energy users. If the prices charged for energy resources distort their true value — to both producers and consumers — the likelihood increases that markets will not clear. This adds the possibility of market failure (e.g., energy shortages) and the elements of risk and uncertainty to the decision-making process.

Consumption decisions regarding fuel use and fuel mix are functions of both the price charged for a particular fuel as well as the price charged for potential substitutes. Past pricing policies have encouraged more intensive use of natural gas relative to residual fuel oil. In the past, distorted gas prices resulted in consumption decisions which did not reflect the true resource value of gas as a commodity. This resulted in both inefficient use and artificially induced shortages. Price decontrol is clearly needed to remedy this distortion and reduce supply uncertainties facing gas users. On the other hand, mandated shifts away from gas are now coming at a time when gas resources appear far greater than was suspected in recent years. This fuel shifting appears to be from natural gas to fuel oil, which further exacerbates our problems with imported oil.

Greater uncertainty in estimating energy use (need for power) has also been witnessed during the past decade. Price effects on consumption and other factors have made energy forecasting a difficult and complicated task. For electric utilities the problem is made more complex in the case where their activities are governed by bodies whose jurisdictional boundaries are inconsistent with utility service areas. In this instance, greater coordination at the regional level among public utility commissions would help reduce the uncertainty facing utilities.

Regarding the effects of uncertainty on the regional development process, it is difficult to go beyond the most general of statements. In short, how growth occurs is one matter, why it occurs is quite another. The effects of energy uncertainty on the "how" aspect are more clearly understood than effects on the "why" aspect. Since it is felt that the Sunbelt has benefited primarily from the standardization phase of the product cycle model, due in part to relatively low energy and labor costs, uncertain energy supplies in the region would thus act as a deterrent in that potential producers would be faced with uncertain (and, in a real sense, greater) costs. Relocation under such uncertainty would not be as likely to occur.

Although some economic dislocations are probable, the South will likely gain from the deregulation of energy prices. It is forecasted that more than half of the new construction for energy facilities in the U.S. by 1990 will occur in the Southern region. The indirect impacts will be in other sectors of the economy which are not energy related.

Recommendations

- To the greatest extent possible, remove the uncertainty surrounding energy availability and price to enable industry to better plan for the future.
- Remove the restrictions on fuel use and allow industry to make a business decision as to the most economical fuel for a particular application.
- Develop and implement a method for performing a regional need-for-power assessment in those utility service areas which encompass parts of more than one state.

N. Energy and Taxation

Findings

The effects of taxes are influenced by other policy instruments. Price controls, leasing policies, and allocation regulations can change who bears the burden of the tax and what activities are encouraged or discouraged.

Proposed general tax changes, such as value-added taxes and integration of personal and corporate income taxes, could have profound effects on energy production and use, whether imposed singly or in combination with existing energy taxes.

Interactions between taxes can mask their actual effect. Increased state taxes on energy in-

60

come, for example, could gather revenue that would otherwise be paid as federal income tax. The relevant way to look at taxes is to examine the incremental effect on the whole system and not look at the tax in question in isolation.

The state of knowledge about the actual effect of specific taxes on income distribution by class is crude. The interactions are complex, and measurement problems are difficult. In some cases even the theory is in dispute.

Tax and tax-like instruments can have dramatic effects on the level and type of investment in energy production and facilities. The state of the production processes at which the differential tax has an impact can be significant, even though in the long term, investments are sequential and variability of proportions may not be great.

Tax and tax-like instruments can also influence the relative rate of development and use of particular energy alternatives and of overall energy production relative to energy conservation.

The existing system of energy taxation affects energy production and use in myriad and often conflicting ways. Examples abound: special income tax provisions encourage the production of oil and gas, but federal royalties and the Crude Oil Windfall Profits Tax discourage production; excise taxes on motor fuels discourage the use of gasoline, but the highway system built with motor fuel tax revenues helps continue the nation's dependence on automobiles and trucks. In addition, different forms of primary energy receive different depletion tax benefits. Indeed, tax benefits can vary for the identical fuel from different locations and mining processes. For example, oil and gas are commonly taxed together because of their joint production, exploration, development and extraction; but because they are sold in markets with different characteristics, production taxes on oil are largely shifted backwards while those on gas are shifted forward.

Recommendation

- The Southern states should oppose any attempt by the federal government to place limitations on the power of the states to impose taxes on energy production or on the extraction of natural resources.

O. Impact of Federal Energy Policy and Lands Management

Findings

Overregulation of the energy industry has greatly hampered the development of domestic energy resources at a time when such development is badly needed. Current energy policies are often contradictory, duplicative, overly complex and pose major barriers to energy production. While impressive progress has been made in environmental protection, all too often this has been accomplished at the cost of limiting energy production and increasing the nation's vulnerability to imported oil. A more balanced approach to environmental protection and energy production must be taken by the federal government. Our dependence on imported oil can be reduced during the decade through conservation and increased domestic production of all energy sources.

Federal ownership and/or control of vast areas of land containing a major part of our total energy resources is slowing energy development. Only about 12 percent of the on-shore land and less than 3 percent of the Outer Continental Shelf has been leased for exploration and production. Only 5 percent of the OCS is projected to be leased by 1990, effectively delaying development of our most promising areas for oil production into the post-2000 time period. There has been a virtual moratorium on coal leases for the past decade.

Recommendations

- Environmental protection efforts should be continued at their present pace, but industry should be given the maximum degree of flexibility in meeting established standards.
- The Federal government should open those vast areas of land under its ownership and/or control to energy exploration and production at a faster pace. Emphasis should be placed on opening up those on-shore areas and areas of the Outer Continental Shelf which appear most promising for increased production of energy.

P. Clean Air Act

Findings

While the goals of the Clean Air Act are sound, the methods employed in attaining those goals are faulty. The regulatory activity undertaken pursuant to this Act has resulted in little attention being paid to the costs of compliance with arbitrary standards by a given date. There is a lack of flexibility in the approach taken by the regulators. The role of government should be to insure progress toward a rational goal of cleaner air over the long term, rather than to check every smokestack in the U.S. The program should establish performance standards for industry and allow industry maximum flexibility in achieving those standards. Some localized, temporary degradation should be allowable within an overall national program.

Recommendations

- The regulations promulgated pursuant to the Clean Air Act should establish long range goals of cleaner air and then allow sufficient flexibility in meeting those goals to take full advantage of the expertise of industry. Rather than requiring every locale to meet an arbitrary standard, provide incentives for making progress toward a long term goal in a cost-effective manner.

Q. Energy and Environmental Regulatory Reform

Findings

One of the greatest obstacles to an effective energy program in the United States today is the lack of local, state and federal government cooperation with industry and the public. Because government agencies, industry and the public are not setting up lines of communication during the early stages of project planning, regulatory requirements are misunderstood. There is no effective, sustained regulatory policy for coordinating actions and reconciling conflicts. Public participation in the decision making process usually occurs after project plans have been firmly established, environmental studies conducted and permit applications submitted. In addition, clear lines of communication and cooperation do not exist between Congress, the current administration and regulatory agencies. As a consequence, many regulations do not conform with the intent of Congress.

More than 100 regulatory reform bills have been introduced before Congress this past session. It is clear that none has been totally acceptable. Generally, an omnibus approach is used rather than separate pieces of legislation tailored to specific regulatory agencies. In addition, administrative limitations, which could effect some degree of regulatory reform without legislation, have not been fully explored.

The energy regulatory system suffers from institutional inflexibility and cannot respond to changing circumstances. Many agencies have interlocking regulatory authority over particular subjects, yet have no sustained management mechanism to coordinate actions. As a result, federal regulatory programs are often in conflict with energy policy.

A proliferation of energy and environmental laws and regulations exists at all levels of government. Most were framed incrementally in response to specific needs with minimal attention placed on the interrelationships of objectives. As a consequence, regulatory requirements within and between levels of government frequently overlap, conflict or duplicate one another.

Numerous rules and regulations are promulgated each year. At the same time, little effort is being made to remove obsolete regulations. Numerous regulatory programs presently remain in force, even though circumstances have changed so significantly that the regulations are counterproductive.

Industry has been unable to standardize or stabilize its own products and procedures because of the instability of the regulatory process. State agencies and the private sector are subjected to constant frustration with changing rules, regulatory ratcheting and permit expiration.

R. Low Income Energy Assistance Programs

Findings

It is necessary, for a number of reasons which have been stated in this report, to continue to decontrol the price of domestic energy. It must be recognized, however, that such action, while benefiting the nation as a whole, will cause the price of needed energy to rise beyond the ability of low-income families to pay. Government programs which provide assistance to low-income households must be designed and put into operation.

Current energy assistance programs are not adequate to meet the needs of low-income households and are not even structured to target eligible households, in every case. With the decontrol of domestic energy prices and the continuous upward spiral of OPEC prices, the ability of low-income families to purchase energy will diminish. It is important to recognize that energy is as vital a necessity as food and shelter. However, energy needs are not restricted to home heating; and other energy needs must also be provided for in the design of funding allocation formulas. The events of the summer of 1980 clearly demonstrated that high temperatures pose at least as great a threat to human health as low temperatures. It was also clearly demonstrated that the present low-income energy assistance programs were unable to respond to the needs of poor people caught in a weather crisis in a timely and responsible manner.

The current programs would provide a greater level of assistance over the long term, and perhaps be more cost effective, if the housing stock were first weatherized to prevent energy waste to the maximum extent possible. Continuing to assist low-income families to purchase energy which escapes through uninsulated walls, ceilings, doors and windows seems a less than desirable approach to public assistance.

There are at present a number of federal and state programs which are all intended to help low-income families cope with higher energy costs. It would be more cost effective and efficient if this plethora of programs were coordinated and/or consolidated. Currently, programs are administered by the Departments of Housing and Urban Development, Agriculture, Health and Human Services, Energy, and the Community Services Administration. These programs include low-income housing and community development; energy conservation and weatherization; consumer education; energy audits and energy standards for buildings; low-interest loans; and energy assistance payments.

Recommendations

- Energy assistance payments should be based upon energy needs for residential heating and cooling. The amount of assistance should take into consideration price and type of fuel, household size, income, housing stock, and family size.
- Funding allocation formulas should be based on factors which bear some relationship to the goals of the programs. Low-income assistance programs should consider a state's low-income population and relative energy needs and costs.
- The provision of benefits should seek to directly encourage energy conservation. Energy assistance programs should be coordinated and integrated with conservation and weatherization programs. Homes which receive low-income energy assistance payments should be weatherized over a period of time.
- Energy assistance programs must be flexible enough to respond to crises due to extreme weather conditions in the shortest possible period of time.
- Programs designed to assist low-income families meet higher energy costs should be consolidated in every possible case. ☐

BEST COPY AVAILABLE

THE MAJOR RECOMMENDATIONS

During the course of the Commission's work, the findings and recommendations of each task force were considered and studied. Each recommendation had its own history, rationale, and relevance; and each could therefore easily stand independently and, if necessary, out of context. During the early days of the Commission's labors, a consensus developed that led the Commissioners to favor selecting fewer, highly relevant positions instead of devising an extensive shopping list of regional needs. Selecting a few from the many was a challenge. Those few select recommendations which were deemed most pertinent are presented here and comprise the "major" recommendations of the 1980 Commission on the Future of the South.

ON SOUTHERN CHILDREN . . .

- Develop and implement local, state, and regional economic development and human resource policies and programs that are responsive to the needs of the unemployed, under-employed, unskilled seasonal workers and low-wage earners. Support public and private investments to develop jobs in high-poverty areas and to target minority groups, single parents, and other chronically under-employed groups as a first-order priority rather than depending solely on trickle-down economic policies. Explore projects such as the City Venture activities in St. Paul, Minnesota and Charleston, South Carolina, which promote job creation and community enrichment; the St. Paul Bindery, which utilizes split shifts to accommodate the mothers of school-age children during the morning hours and to accommodate potential high-school dropouts during the afternoon hours; and the youth employment program in California. Support continued implementation of equal opportunity and civil rights laws.

- Southern leadership should advocate a commitment to public education as a comprehensive task of the community. This task should involve parents, non-parents, industry, business, voluntary and civic groups. In addition, state and local social service agencies need to develop coordinated plans for how to best use public school facilities and resources, since our schools are an important source of education and recreation for all age groups within a community.

- A critical variable in any school or school system is the caliber of its leadership, particularly the ability for this leadership to promote teacher quality, cooperation, and morale. Two regional experiments should be undertaken to up-grade leadership in public schools:

> First, develop training and technical assistance programs for school principals which teach leadership and problem-solving skills. The size of this group is such that interstate, regional programs would be appropriate.
>
> Second, provide orientation and in-service training to local elected school board members through a regular series of training seminars. These could be provided in concert with the state boards of education, parent-teacher associations, and institutions of higher learning.

- To improve public administration and to simplify programs for recipients, consolidate federal and state programs funding similar types of activities which are principally directed toward health care for women, infants, and chilren (i.e., maternal and child health, family planning, adolescent pregnancy, sudden infant death syndrome);

BEST COPY AVAILABLE

mandate coordination of programs which cannot be consolidated (supplemental food programs for women, infants, and children (WIC), Aid for Dependent Children (AFDC), etc.).

ON THE SOUTHERN ECONOMY . . .

- To assist the Southern region in attracting and retaining financial capital, state banking laws should be amended to permit, under adequate supervision, state-wide branching of all financial institutions; and the feasibility of establishing regional, multi-bank holding companies should be explored.

- The South's commitment to elementary and secondary education must be increased if we are to up-grade the quality of our human resources. To this end, we recommend that by 1990, per-pupil expenditures in each of the Southern states be at a level at least comparable to the national average.

- In light of the growing importance of foreign trade to the Southern economy, we recommend that state and federal agencies pursue a vigorous program of port development and expansion over the next decade.

ON SOUTHERN CITIES . . .

- City officials need to develop closer working relationships with state officials, especially the Governor, in order to improve their ability to provide urban services and to acquire the tools needed for this task from their state legislatures. But this is a two-way street. The eventual goal is a state urban policy — developed in a cooperative effort by the state, cities of all sizes, and those counties providing urban services — which the participants can work together to implement.

- Careful planning and a sensitivity to local conditions are required to provide support to rural areas, while avoiding governmental actions that encourage undesirable development patterns. The financial costs of urban outmigration should fall most heavily on those who choose to relocate. Urban outmigration should not be subsidized by the federal or state governments through programs providing grants, low-interest loans, or loan guarantees for development in fringe areas. Perhaps more important, such development should not be subsidized by state and local government via less restrictive development controls in rural areas. Land-use regulations worked out cooperatively between city and county would reduce the incentive for leap-frog development. Also, city officials should provide a swift and orderly review process for proposed development within the municipality. The need for city-county cooperative planning to preserve environmental integrity and meet the needs for orderly progress is acute in rural areas with high growth rates.

  Metropolitan areas that cross state boundaries face special problems. Where cities in the South border on other states — cities such as Louisville, Kentucky, and Memphis, Tennessee — the various states should seek assistance from the federal government to create interstate vehicles for cooperative agreements to deal with area-wide problems which transcend not only county boundary lines, but state boundary lines.

- Although growth is most likely to occur on the edges of cities, politically unified metropolitan areas can be achieved — and the

BEST COPY AVAILABLE

jurisdictional fragmentation that has caused serious problems in Northern cities avoided — through consolidation of cities, or of city and county; or through annexation; or by other techniques more appropriate to specific local conditions. While recognizing that there are often political obstacles to changes in the laws of those states that do *not* allow their cities to annex by local ordinance, the Commission recommends that state legislatures seriously consider giving their cities the power to annex, unilaterally, contiguous developing areas that meet legislatively-set standards. The laws should protect residents of these areas by requiring cities to either immediately provide full services to newly-annexed areas or, where legal, phase-in property taxes as full services are phased-in. Similarly, state legislation should facilitate city-county consolidation.

- As part of their urban policy, those states that are covered by the Voting Rights Act of 1965 should work with the U.S. Department of Justice to find ways of protecting the political strength of minority voters without restricting the options of local governments for dealing with urban growth trends, via annexation or other municipal boundary changes that affect voting rights. Members of minority groups should be included in local government planning and decision-making regarding boundary changes in order to avoid misunderstanding or distrust when changes are implemented. At the same time, the Justice Department should be encouraged, perhaps through the federal urban impact analysis program, to expedite its review process.

ON SOUTHERN ENERGY . . .

With demand likely to exceed the supply of domestic oil over the next decade, and with the continuing uncertainty surrounding the availability of imported oil, the most abundant energy sources for the 1980's will be natural gas, coal and nuclear power. However, conservation can make significant contributions to total energy supplies and renewable energy resources can begin to have some effect. With this in mind, the Commission has endorsed the following recommendations:

- The constraints on the use of natural gas, constraints imposed on both the demand and supply sides, should be removed. However, increased emphasis must also be given to conservation; and the burden of increased costs on those persons demonstrably unable to bear such costs must be alleviated.
- The now-excessive number of regulatory constraints on the mining and burning of coal should be decreased.
- While the South will continue its reliance on nuclear power, public concern is mounting over the choice of sites for additional nuclear facilities and over an environmentally acceptable method of nuclear waste disposal. The federal government should therefore seek to formulate safe disposal options for nuclear waste and to increase nuclear reactor operating safety.
- Conservation should continue as the cornerstone of national energy policy, and research and development into alternative energy sources should be continued. ☐

A NOTE TO FUTURE COMMISSIONERS

As stated earlier, this report does not attempt to speak to each pressing issue which faces the South in the 1980's. It seems appropriate, however, to at least mention several issues which were not investigated in depth but which consistently entered Commission discussions over the course of the year. By doing so, Commission members stress the importance for further study and reflection upon these issues by the citizens and leaders of the region.

- — environmental issues, including conservation and land-use;
- — water resources and aquaculture;
- — job-related issues, including employment and under-employment;
- — problems facing minority groups;
- — sectional differences within the Southern region;
- — topics related to crime, prisons, justice.

The work of the 1980 Commission builds upon the work of the 1974 Commission. Several issues which were discussed by the 1980 Commission, but not investigated in depth, were addressed by the 1974 Commission. Their recommendations are still valid today. The 1980 Commission especially recommends to its audience the work of the 1974 Commission in the areas of the environment, land use and water resources. We hope that future Commissions, 1986 and beyond, will find our report as useful.

The Southern Growth Policies Board is mandated by its charter to develop a statement of regional objectives every six years. To facilitate this work, a portion of the closing session of the 1980 Commission was devoted to recommendations for assisting future Commissions. The following comments are addressed to the leadership within the Southern Growth Policies Board and to the leadership within each Southern state.

- Investigative work for the 1986 statement of regional objectives should probably begin with surveys or needs analyses conducted in each Southern state. This would facilitate development of a list of regional concerns. After considering this list, the Commission could then seek to investigate issues with the highest degree of mutual interest among the states.

- It is important that the accomplishments of the Commission be measurable or accountable. Toward this end, the Southern Growth Policies Board should elicit a commitment from each state regarding their willingness to participate in and support the process. This will help ensure that follow-up activities are planned, that findings will be reviewed, and that a system is available for longer-range involvement by each state. Implementation of the final recommendations should be monitored and reported to all Southern states.

- Funding sources chosen to support the work of the Commission should not attempt to obligate or restrict the types of information gathered, areas of emphasis selected, or the final recommendations.

- In order to maximize the effectiveness of the Commission's work, other regional organizations should become very involved. The Commission should seek their cooperation and expertise; duplication of efforts should be avoided as much as possible.

- Persons chosen to serve on the Commission should be required to indicate, in a more than perfunctory manner, that they are willing to participate fully in Commission activities.

- A network of Commission alumni should be developed and maintained.

- With regard to future task forces, emphasis should be placed on creating a membership with the most balanced representation possible. Memberships which lean toward special interests or preconceived points of view should be avoided. Emphasis also should be placed on communication among various factions—upon building a network of expertise which can routinely and objectively define the existing conditions and emerging trends in the South.

- The task forces and the Commission should concentrate on the tasks of defining, describing and clarifying, *not* prescribing. If visionary projections of the future are called for, futurists should be invited to serve on the task forces and Commission.

- There should be extensive involvement of consultants with scientific expertise, particularly in the areas of ecology and the environment. To facilitate discussions about the societal implications of the Commission's work, representatives from the field of sociology should also be included. □

SELECTED PUBLICATIONS

SOUTHERN CHILDREN

Raising A New Generation in the South, Report of the Task Force on Southern Children, Paula Breen, Project Director, 1981.

Research Reports

"Factors Associated with Infant Mortality," Victoria H. Gerig, 1980.

"Infant Mortality and Teenage Pregnancy: Profile of Children in the South", Priscilla A. Guild, 1981.

"Teenage Pregnancy in the South," Susan L. McIntyre, 1980.

'The Changing South: Current Issues in Immigration and Refugee Policy", by Thomas L. Joseph, 1980.

SOUTHERN ECONOMY

Report of the Task Force on the Southern Economy, Bernard L. Weinstein, Project Director, 1981.

Research Reports

"Meeting the Capital Needs of the South," Robert Clark, 1980.

"Money, Income and Poverty Status in the U.S. and the South: 1978," Bernard L. Weinstein, 1980.

"Profile of Southern Growth: 1960 to 1979," Alton Skinner, 1980.

"Small Cities and Rural Communities in the South: Recent Trends and Policy Needs," E. Evan Brunson, 1979.

"State-Local Tax Differentials and Economic Development in the South," Gary L. Marfin, 1980.

"Structural and Spatial Trends in Southern Manufacturing: Prospects for the Eighties," E. Evan Brunson, 1980.

"The Economic Geography of the South," Sondra Nelson, 1980.

"The Right to Work and the Southern Economy," Gary L. Marfin, 1980.

"The Southern Economy in the 1980's: A Preliminary Report," Bernard L. Weinstein, 1980.

SOUTHERN CITIES

Report of the Task Force on Southern Cities, Patricia J. Dusenbury, Project Director, 1981.

Research Reports

"An Urban Economic Development Strategy for Southern States," Roger J. Vaughn, 1980.

"Budgetary Trends in Southern Cities," Mary L. Dodson and Patricia J. Dusenbury, 1980.

"Regional Economic Growth and Southern Cities," Patricia J. Dusenbury, 1980.

"Regulatory Costs on State and Local Governments," Jerome J. Hanus, 1980.

"Southern Cities: Economies in Transition," Larry C. Ledebur, 1980.

"Suburbs in the Cities," Patricia J. Dusenbury *et al.*, 1980.

"The Fiscal Outlook for Southern Cities," Roy W. Bahl, Jr., 1980.

ENERGY IN THE SOUTH

Report of the Task Force on Energy in the South, Arthur J. Wacaster, Project Director, 1981. (Includes a much-expanded reference list of publications and research reports.)

Research Reports

"Energy Locational Behavior and Urban Sprawl," James G. Strathman*, 1981.

"Energy Supply, Industrial Location and Regional Development," James G. Strathman*, 1981.

SPECIAL REPORTS AND PRESENTATIONS

"A Summary and Critique of the Global 2000 Report," E. Evan Brunson, 1981.

"Immigration and Refugees in the South," presentation to the Commission by Ronald Copeland, Office of the U.S. Coordinator for Refugee Affairs, Washington, D.C., 1980.

"Low-Level Nuclear and Hazardous Waste in the Southern States," Patricia J. Dusenbury, 1981.

"Problems of the Aging," presentation to the Commission by Neal E. Cutler, staff member, U.S. Senate Special Committee on Aging, Washington, D.C., 1980.

"Special Report on Forestry," (slide presentation), by Leroy Jones, U.S. Forestry Service, Atlanta, Georgia.

*Staff member, Southern States Energy Board, Atlanta, Georgia.

Note: All publications listed above are available by writing to the Southern Growth Policies Board headquarters.

TASK FORCE ADVISORS

SOUTHERN ECONOMY

Hubert Hinote, Office of Planning & Budget, Tennessee Valley Authority, Knoxville, Tennessee.

Larry Long, U.S. Bureau of the Census, Suitland, Maryland.

Larry K. Lynch, Transylvania University, Lexington, Kentucky.

William H. Miernyk, Director, Regional Research Institute, West Virginia University, Morgantown, West Virginia.

Donald J. Ratajczak, Director, Economic Forecasting Project, Georgia State University, Atlanta, Georgia.

John Rees, University of Texas at Dallas, Richardson, Texas.

Douglas N. Ross, Joint Economic Committee, Washington, D.C.

Cedric Suzman, Southern Center for International Studies, Atlanta, Georgia.

Ronald P. Wilder, University of South Carolina, Columbia, South Carolina.

SOUTHERN CITIES

Roy W. Bahl, Jr., Director, Metropolitan Studies Program, The Maxwell School, Syracuse University, Syracuse, N.Y.

Jerome R. Hanus, Professor of Political Science, The American University, Washington, D.C.

Larry C. Ledebur, Dirctor, Urban Economic Development Program, The Urban Institute, Washington, D.C.

Roger J. Vaughn, Deputy Director, New York State Office of Development Planning, New York, New York.

SOUTHERN GROWTH POLICIES BOARD

1981 OFFICERS

CHAIRMAN	The Honorable Richard W. Riley *Governor of South Carolina*
CHAIRMAN-ELECT	The Honorable William F. Winter *Governor of Mississippi*
VICE-CHAIRMAN	The Honorable James Sumner *State Representative, Mississippi*
TREASURER	Mitchell Thorp, *Tennessee*
SECRETARY	E. Blaine Liner *Executive Director, SGPB*

STAFF

E. Blaine Liner
Executive Director
Lois Bell
Administrative Secretary
Paula Breen
Associate Director, Human Resources
Alice Brunson
Administrative Secretary
Evan Brunson
Director of Intergovernmental Affairs
Robert Clark
Program Analyst
Sandra Copeland
Director of Administration
Patricia Dusenbury
Associate Director, Urban Affairs
Victoria Gerig
Research Assistant
Sandra Kramer
Associate Director, Federal Affairs
Sondra Nelson
Program Analyst
Janet Papke
Administrative Assistant
Lou Phillips
Staff Assistant
Lydia Riley
Accounting Assistant
Jane Savage
Media Specialist/Editor
Alton Skinner
Staff Economist
Philip Swink
Program Analyst

HEADQUARTERS:

P.O. Box 12293
Research Triangle Park
North Carolina 27709
(919) 549-8167

WASHINGTON OFFICE:

Suite 251, Hall of the States
444 N. Capitol Street, NW
Washington, D.C. 20001
(202) 624-5868